

1 SENATE BILL NO. 358

2 INTRODUCED BY E. BUTTREY

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING URBAN RENEWAL AND TAX INCREMENT
 5 FINANCING DISTRICT LAWS; PROVIDING FOR CREATION OF TARGETED ECONOMIC DEVELOPMENT
 6 DISTRICTS; ALLOWING COUNTIES TO CREATE URBAN RENEWAL AREAS AND TARGETED ECONOMIC
 7 DEVELOPMENT DISTRICTS AND TO USE TAX INCREMENT FINANCING; ADDING COMPONENTS THAT
 8 MUST BE INCLUDED IN AN URBAN RENEWAL PLAN; REMOVING PROVISIONS FOR CREATION OF AND
 9 BONDING IN TECHNOLOGY DISTRICTS, AEROSPACE TRANSPORTATION AND TECHNOLOGY
 10 DISTRICTS, AND INDUSTRIAL DISTRICTS; AMENDING SECTIONS 7-15-4202, 7-15-4204, 7-15-4206,
 11 7-15-4208, 7-15-4209, 7-15-4210, 7-15-4211, 7-15-4212, 7-15-4213, 7-15-4215, 7-15-4216, 7-15-4217,
 12 7-15-4218, 7-15-4219, 7-15-4220, 7-15-4221, 7-15-4231, 7-15-4232, 7-15-4233, 7-15-4234, 7-15-4235,
 13 7-15-4237, 7-15-4239, 7-15-4251, 7-15-4252, 7-15-4253, 7-15-4254, 7-15-4255, 7-15-4256, 7-15-4257,
 14 7-15-4258, 7-15-4259, 7-15-4260, 7-15-4261, 7-15-4262, 7-15-4263, 7-15-4264, 7-15-4265, 7-15-4266,
 15 7-15-4267, 7-15-4281, 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4285, 7-15-4286, 7-15-4287, 7-15-4288,
 16 7-15-4289, 7-15-4290, 7-15-4291, 7-15-4292, 7-15-4293, 7-15-4294, 7-15-4301, 7-15-4302, 7-15-4304,
 17 7-15-4305, 7-15-4306, 7-15-4322, 7-15-4323, 7-15-4324, AND 71-3-1506, MCA; REPEALING SECTIONS
 18 7-15-4295, 7-15-4296, 7-15-4297, 7-15-4298, 7-15-4299, AND 17-5-820, MCA; AND PROVIDING AN
 19 EFFECTIVE DATE."

20
 21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22
 23 NEW SECTION. **Section 1. Short title.** [Sections 1 through 4] may be cited as the "Targeted Economic
 24 Development District Act".

25
 26 NEW SECTION. **Section 2. Legislative findings -- purpose.** The legislature finds and declares that:
 27 (1) infrastructure-deficient areas exist in the local governments of the state and constitute a serious
 28 impediment to the development of infrastructure-intensive, value-adding economic development in Montana;
 29 (2) local governments lack sufficient capital to rectify the infrastructure shortage in infrastructure-deficient
 30 areas, thus impeding the ability of local governments to achieve economic growth through the development of

1 value-adding industries;

2 (3) the creation of infrastructure in support of value-adding economic development is a matter of state
3 policy and state concern because the state and its local governments will continue to suffer economic dislocation
4 due to the lack of value-adding industries; and

5 (4) the state's tax increment financing laws should be used to encourage the creation of areas in which
6 needed infrastructure for value-adding industries could be developed.

7
8 **NEW SECTION. Section 3. Targeted economic development districts.** (1) A local governing body
9 may, by ordinance and following a public hearing, authorize the creation of a targeted economic development
10 district in support of value-adding economic development projects. The purpose of the district is the development
11 of infrastructure to encourage the location and retention of value-adding projects in the state.

12 (2) A targeted economic development district:

13 (a) must consist of a continuous area with an accurately described boundary that is large enough to host
14 a diversified tenant base of multiple independent tenants;

15 (b) must be zoned for use in accordance with the area growth policy, as defined in 76-1-103;

16 (c) may not comprise any property included within an existing tax increment financing district;

17 (d) must, prior to its creation, be found to be deficient in infrastructure improvements as stated in the
18 resolution of necessity adopted under [section 4];

19 (e) must, prior to its creation, have in place a comprehensive development plan adopted by the local
20 governing body that ensures that the district can host a diversified tenant base of multiple independent tenants;
21 and

22 (f) may not be designed to serve the needs of a single district tenant or group of nonindependent tenants.

23 (3) The local governing body may use tax increment financing pursuant to the provisions of 7-15-4282
24 through 7-15-4294 for the targeted economic development district. If the local governing body uses tax increment
25 financing, the use of and purpose for tax increment financing must be specified in the comprehensive
26 development plan required in subsection (2)(e).

27 (4) For the purposes of this section:

28 (a) "value-added products or commodities" means products or commodities that are manufactured,
29 processed, produced, or created by changing the form of raw materials or intermediate products into more
30 valuable products or commodities that are capable of being sold or traded in interstate commerce;

1 (b) "value-adding industry" means a business that produces value-added products or commodities or
 2 a business or organization that is engaged in technology-based operations within Montana that, through the
 3 employment of knowledge or labor, adds value to a product, process, or export service resulting in the creation
 4 of new wealth.

5
 6 **NEW SECTION. Section 4. Resolution of necessity required for urban renewal area and targeted**
 7 **economic development district.** A local governing body may not exercise the powers provided in part 43 or this
 8 part unless it has adopted a resolution of necessity finding that:

- 9 (1) one or more infrastructure-deficient areas exist in the local government; and
 10 (2) the infrastructure improvement of the area is necessary for the welfare of the residents of the local
 11 government.

12
 13 **Section 5.** Section 7-15-4202, MCA, is amended to read:

14 **"7-15-4202. Existence of blighted areas and resulting problems -- statement of policy.** ~~It is hereby~~
 15 ~~found and declared~~ The legislature finds that:

16 (1) ~~that~~ blighted areas ~~which that~~ constitute a serious and growing menace, injurious to the public health,
 17 safety, morals, and welfare of the residents of the state, exist in ~~municipalities~~ local governments of the state;

18 (2) ~~that~~ the existence of ~~such~~ blighted areas:
 19 (a) contributes substantially and increasingly to the spread of disease and crime and depreciation of
 20 property values;

21 (b) constitutes an economic and social liability;

22 (c) substantially impairs or arrests the sound growth of ~~municipalities~~ local governments;

23 (d) retards the provision of housing accommodations;

24 (e) aggravates traffic problems; and

25 (f) substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic
 26 facilities; and

27 (3) ~~that~~ the prevention and elimination of ~~such~~ blighted areas is a matter of state policy and state concern
 28 in order that the state and its ~~municipalities shall~~ local governments do not continue to be endangered by areas
 29 ~~which that~~ are focal centers of disease, promote juvenile delinquency, are conducive to fires, are difficult to police
 30 and to provide police protection for, and, while contributing little to the tax income of the state and its

1 ~~municipalities~~ local governments, consume an excessive proportion of its revenues because of the extra services
 2 required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities."

3

4 **Section 6.** Section 7-15-4204, MCA, is amended to read:

5 **"7-15-4204. Interpretation.** (1) The powers conferred by part 43 and this part are for public uses for
 6 which public money may be expended and the power of eminent domain may be exercised as provided in Title
 7 70, chapter 30. The legislature finds and declares that necessity in the public interest exists for the provisions
 8 enacted in part 43 and this part concerning urban renewal.

9 (2) A ~~city or town~~ local government may not serve as a pass-through entity by using its power of eminent
 10 domain, as provided in Title 70, chapter 30, to obtain property with the intent to sell, lease, or provide the property
 11 to a private entity."

12

13 **Section 7.** Section 7-15-4206, MCA, is amended to read:

14 **"7-15-4206. Definitions.** The following terms, wherever used or referred to in part 43 or this part, have
 15 the following meanings unless a different meaning is clearly indicated by the context:

16 (1) "Agency" or "urban renewal agency" means a public agency created by 7-15-4232.

17 (2) "Blighted area" means an area that is conducive to ill health, transmission of disease, infant mortality,
 18 juvenile delinquency, and crime, that substantially impairs or arrests the sound growth of the ~~city~~ local government
 19 or its environs, that retards the provision of housing accommodations, or that constitutes an economic or social
 20 liability or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present
 21 condition and use, by reason of:

22 (a) the substantial physical dilapidation, deterioration, age obsolescence, or defective construction,
 23 material, and arrangement of buildings or improvements, whether residential or nonresidential;

24 (b) inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined
 25 by competent appraisers on the basis of an examination of the building standards of the ~~municipality~~ local
 26 government;

27 (c) inappropriate or mixed uses of land or buildings;

28 (d) high density of population and overcrowding;

29 (e) defective or inadequate street layout;

30 (f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

- 1 (g) excessive land coverage;
- 2 (h) unsanitary or unsafe conditions;
- 3 (i) deterioration of site;
- 4 (j) diversity of ownership;
- 5 (k) tax or special assessment delinquency exceeding the fair value of the land;
- 6 (l) defective or unusual conditions of title;
- 7 (m) improper subdivision or obsolete platting;
- 8 (n) the existence of conditions that endanger life or property by fire or other causes; or
- 9 (o) any combination of the factors listed in this subsection (2).
- 10 (3) "Bonds" means any bonds, notes, or debentures, including refunding obligations, authorized to be
- 11 issued pursuant to part 43 or this part.
- 12 (4) "Clerk" means the clerk or other official of the municipality local government who is the custodian of
- 13 the official records of the municipality local government.
- 14 (5) "Federal government" means the United States of America or any agency or instrumentality,
- 15 corporate or otherwise, of the United States of America.
- 16 (6) "Local governing body" means the council or other legislative body charged with governing ~~the~~
- 17 municipality a city or town, county, or city-county consolidated local government.
- 18 (7) "Local government" means a city or town, county, or city-county consolidated local government.
- 19 ~~(7)(8)~~ "Mayor" means the chief executive of a city or town.
- 20 ~~(8) "Municipality" means any incorporated city or town in the state.~~
- 21 (9) "Neighborhood development program" means the yearly activities or undertakings of a municipality
- 22 local government in an urban renewal area or areas if the municipality local governing body elects to undertake
- 23 activities on an annual increment basis.
- 24 (10) "Obligee" means any bondholder or agent or trustee for any bondholder or lessor conveying to the
- 25 municipality local government property used in connection with an urban renewal project or any assignee or
- 26 assignees of the lessor's interest or any part of the interest and the federal government when it is a party to any
- 27 contract with the municipality local government.
- 28 (11) "Person" means any individual, firm, partnership, corporation, company, association, joint-stock
- 29 association, or school district and includes any trustee, receiver, assignee, or other person acting in a similar
- 30 representative capacity.

1 (12) "Public body" means the state or any ~~municipality~~ local government, township, board, commission,
2 district, or other subdivision or public body of the state.

3 (13) "Public officer" means any officer who is in charge of any department or branch of the ~~government~~
4 ~~of the municipality~~ local government relating to health, fire, building regulations, or other activities concerning
5 dwellings in the ~~municipality~~ local government.

6 (14) "Public use" means:

7 (a) a public use enumerated in 70-30-102; or

8 (b) a project financed by the method provided for in 7-15-4288.

9 (15) "Real property" means all lands, including improvements and fixtures on the land, all property of any
10 nature appurtenant to the land or used in connection with the land, and every estate, interest, right, and use, legal
11 or equitable, in the land, including terms for years and liens by way of judgment, mortgage, or otherwise.

12 (16) "Redevelopment" may include:

13 (a) acquisition of a blighted area or portion of the area;

14 (b) demolition and removal of buildings and improvements;

15 (c) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other
16 improvements necessary for carrying out in the area the urban renewal provisions of this part in accordance with
17 the urban renewal plan; and

18 (d) making the land available for development or redevelopment by private enterprise or public agencies,
19 including sale, initial leasing, or retention by the ~~municipality~~ local government itself, at its fair value for uses in
20 accordance with the urban renewal plan. If the property is condemned pursuant to Title 70, chapter 30, the private
21 enterprise or public agencies may not develop the condemned area in a way that is not for a public use.

22 (17) (a) "Rehabilitation" may include the restoration and renewal of a blighted area or portion of the area
23 in accordance with an urban renewal plan by:

24 (i) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or
25 other improvements;

26 (ii) acquisition of real property and demolition or removal of buildings and improvements on the property
27 when necessary to eliminate unhealthful, unsanitary, or unsafe conditions, to lessen density, to reduce traffic
28 hazards, to eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent the
29 spread of blight or deterioration, or to provide land for needed public facilities;

30 (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other

1 improvements necessary for carrying out in the area the urban renewal provisions of this part; and
 2 (iv) subject to 7-15-4259(4), the disposition of any property acquired in the urban renewal area, including
 3 sale, initial leasing, or retention by the ~~municipality~~ local government itself, at its fair value for uses in accordance
 4 with the urban renewal plan.

5 (b) Rehabilitation may not include the development of the condemned area in a way that is not for a
 6 public use if the property is condemned pursuant to Title 70, chapter 30.

7 (18) "Urban renewal area" means a blighted area that the local governing body designates as appropriate
 8 for an urban renewal project or projects.

9 (19) "Urban renewal plan" means a plan for one or more urban renewal areas or for an urban renewal
 10 project. The plan:

11 (a) must conform to the growth policy if one has been adopted pursuant to Title 76, chapter 1; and

12 (b) must be sufficiently complete to indicate, on a yearly basis or otherwise:

13 (i) any land acquisition, demolition, and removal of structures; redevelopment; improvements; and
 14 rehabilitation that is proposed to be carried out in the urban renewal area;

15 (ii) zoning and planning changes, if any, including changes to the growth policy if one has been adopted
 16 pursuant to Title 76, chapter 1;

17 (iii) land uses, maximum densities, building requirements; and

18 (iv) the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic,
 19 public transportation, public utilities, recreational and community facilities, and other public improvements.

20 (20) (a) "Urban renewal project" may include undertakings or activities of a ~~municipality~~ local government
 21 in an urban renewal area for the elimination and for the prevention of the development or spread of blight and
 22 may involve redevelopment in an urban renewal area, rehabilitation or conservation in an urban renewal area,
 23 or any combination or part of redevelopment, rehabilitation, or conservation in accordance with an urban renewal
 24 plan.

25 (b) An urban renewal project may not include using property that was condemned pursuant to Title 70,
 26 chapter 30, for anything other than a public use."

27

28 **Section 8.** Section 7-15-4208, MCA, is amended to read:

29 **"7-15-4208. Encouragement of private enterprise.** A ~~municipality~~ local governing body, to the greatest
 30 extent it determines to be feasible in carrying out the provisions of part 43 and this part ~~and part 43~~, shall afford

1 maximum opportunity, consistent with the ~~sound~~ needs of the ~~municipality~~ local government as a whole, to the
 2 rehabilitation or redevelopment of the urban renewal area by private enterprise. A ~~municipality~~ local governing
 3 body shall give consideration to this objective in exercising its powers under part 43 and this part ~~and part 43~~,
 4 including:

- 5 (1) the formulation of a workable program;
- 6 (2) the approval of urban renewal plans ~~(consistent with the comprehensive plan or parts thereof for the~~
 7 ~~municipality)~~ local government's growth policy;
- 8 (3) the exercise of its zoning powers;
- 9 (4) the enforcement of other laws, codes, and regulations relating to the use of land and the use and
 10 occupancy of buildings and improvements;
- 11 (5) the disposition of any property acquired; and
- 12 (6) the provision of necessary public improvements."

13

14 **Section 9.** Section 7-15-4209, MCA, is amended to read:

15 **"7-15-4209. Development of workable urban renewal program.** (1) A ~~municipality~~ local governing
 16 body, for the purposes of part 43 and this part ~~and part 43~~, may formulate a workable program for utilizing
 17 appropriate private and public resources:

- 18 (a) to eliminate and prevent the development or spread of blighted areas;
- 19 (b) to encourage needed urban rehabilitation;
- 20 (c) to provide for the redevelopment of ~~such~~ the areas; or
- 21 (d) to undertake ~~such of the aforesaid activities or other feasible municipal activities as may be suitably~~
 22 ~~employed to~~ the necessary activities to achieve the objectives of ~~such~~ the workable program.

23 (2) ~~Such~~ The workable program may include, ~~without limitation, provision for~~ but is not limited to:

- 24 (a) the prevention of the spread of blight into areas of the ~~municipality~~ local government that are
 25 free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards;
- 26 (b) the rehabilitation of blighted areas or portions ~~thereof~~ of blighted areas by replanning, removing
 27 congestion, providing parks, playgrounds, and other public improvements, ~~;~~ by encouraging voluntary
 28 rehabilitation, ~~;~~ and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and
- 29 (c) the clearance and redevelopment of blighted areas or portions ~~thereof~~ of blighted areas."

30

1 **Section 10.** Section 7-15-4210, MCA, is amended to read:

2 **"7-15-4210. Resolution of necessity required to utilize provisions of part.** ~~No municipality shall A~~
3 ~~local governing body may not~~ exercise any of the powers ~~hereafter conferred upon municipalities provided by part~~
4 ~~43 and this part and part 43 until after its local governing body shall have~~ it has adopted a resolution finding that:

- 5 (1) one or more blighted areas exist in ~~such municipality~~ the local government; and
6 (2) the rehabilitation, redevelopment, or a combination ~~thereof of such~~ of the rehabilitation and
7 redevelopment of the area or areas is necessary in the interest of the public health, safety, morals, or welfare of
8 the residents of ~~such municipality~~ the local government."

9

10 **Section 11.** Section 7-15-4211, MCA, is amended to read:

11 **"7-15-4211. Preparation of comprehensive development plan for municipality.** For the purpose of
12 approving an urban renewal plan and ~~other municipal related~~ purposes, ~~authority is hereby vested in every~~
13 ~~municipality~~ a local governing body may:

- 14 (1) ~~to~~ prepare, ~~to~~ adopt, and ~~to~~ revise from time to time a comprehensive plan or parts ~~thereof~~ of a
15 comprehensive plan for the physical development of the ~~municipality as a whole (giving due regard to the~~
16 ~~environs and metropolitan surroundings)~~ local government;
17 (2) ~~to~~ establish and maintain a planning commission for ~~such~~ this purpose and related ~~municipal~~ planning
18 activities; and
19 (3) ~~to~~ make available and appropriate necessary funds ~~therefor~~ to develop the plan."

20

21 **Section 12.** Section 7-15-4212, MCA, is amended to read:

22 **"7-15-4212. Preparation of urban renewal plan.** (1) ~~The municipality~~ local governing body may itself
23 prepare or cause to be prepared an urban renewal plan, or any person or agency, public or private, may submit
24 ~~such a plan to the municipality~~ local governing body.

25 (2) The urban renewal plan must include a workable urban renewal program as provided in 7-15-4209
26 to address blight as identified by the local governing body in the resolution of necessity under 7-15-4210.

27 (3) If the urban renewal plan contains a tax increment financing provision as provided for in 7-15-4282,
28 then the plan must also include:

- 29 (a) how tax increments will be used to reduce or eliminate blight as identified in the resolution of
30 necessity;

1 (b) the boundary of the tax increment financing district portion of the urban renewal area; and

2 (c) a description of how the public will be involved in developing projects and programs within the urban
3 renewal area."

4
5 **Section 13.** Section 7-15-4213, MCA, is amended to read:

6 **"7-15-4213. Review of urban renewal plan by planning commission.** (1) Prior to its approval of an
7 urban renewal project, the local governing body shall submit the urban renewal project plan to the planning
8 commission of the ~~municipality~~ local government for review and recommendations as to its conformity with the
9 growth policy or parts of the growth policy for the development of the ~~municipality~~ local government as a whole
10 if a growth policy has been adopted pursuant to Title 76, chapter 1.

11 (2) The planning commission shall submit its written recommendations with respect to the proposed
12 urban renewal plan to the local governing body within 60 days after receipt of the plan."

13
14 **Section 14.** Section 7-15-4215, MCA, is amended to read:

15 **"7-15-4215. Notice of hearing on urban renewal plan.** (1) The notice required by 7-15-4214(1) must
16 be given by publication as provided in 7-1-2121 or 7-1-4127 and by mailing a notice of the hearing, not less than
17 10 days prior to the date of the hearing, to the persons whose names appear on the county treasurer's tax roll
18 as the owners, reputed owners, or purchasers under contracts for deed of the property, at the address shown
19 on the tax roll.

20 (2) The notice must describe the time, date, place, and purpose of the hearing, generally identify the
21 urban renewal area affected, and outline the general scope of the urban renewal plan under consideration."

22
23 **Section 15.** Section 7-15-4216, MCA, is amended to read:

24 **"7-15-4216. Requirements for approval of urban renewal plans and projects.** (1) The local governing
25 body ~~shall~~ may not approve an urban renewal plan until a comprehensive plan or parts of ~~such a~~ comprehensive
26 plan for an area which would include an urban renewal area for the ~~municipality~~ local government have been
27 prepared.

28 (2) A ~~municipality shall~~ local governing body may not approve an urban renewal project for an urban
29 renewal area unless the local governing body has by resolution determined ~~such the~~ the area to be a blighted area
30 and designated ~~such the~~ the area as appropriate for an urban renewal project.

1 (3) An urban renewal plan adopted after July 1, 1979, must be approved by ordinance.

2 (4) All urban renewal plans approved by resolution prior to May 8, 1979, are hereby validated."

3

4 **Section 16.** Section 7-15-4217, MCA, is amended to read:

5 **"7-15-4217. Criteria for approval of urban renewal project.** Following the hearing required by
6 7-15-4214, the local governing body may, by ordinance, approve an urban renewal project if it finds that:

7 (1) a workable and feasible plan exists for making available adequate housing for the persons who may
8 be displaced by the project;

9 (2) the urban renewal plan conforms to the comprehensive plan or parts thereof for the municipality of
10 the plan for the local government as a whole;

11 (3) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the
12 municipality local government as a whole, for the rehabilitation or redevelopment of the urban renewal area by
13 private enterprise; and

14 (4) a sound and adequate financial program exists for the financing of ~~said~~ the project."

15

16 **Section 17.** Section 7-15-4218, MCA, is amended to read:

17 **"7-15-4218. Voter approval of urban renewal plan required when general obligation bonds to be**
18 **used.** If the plan or any subsequent modification ~~thereof~~ of the plan involves financing by the issuance of general
19 obligation bonds of the municipality local government as authorized in 7-15-4302(1) or the financing of water or
20 sewer improvements by the issuance of revenue bonds under the provisions of ~~part~~ parts 25 and 44 of chapter
21 7 or of ~~part~~ parts 23 and 43 of chapter 13, the question of approving the plan and issuing ~~such~~ the bonds ~~shall~~
22 must be submitted to a vote of the qualified electors of ~~such municipality~~ the local government, in accordance with
23 the provisions governing ~~municipal~~ general obligation bonds under parts 22 and 42 of chapter 7, ~~part 42~~; at the
24 same election and ~~shall~~ must be approved by a majority of ~~those~~ the qualified electors voting on ~~such~~ the
25 question."

26

27 **Section 18.** Section 7-15-4219, MCA, is amended to read:

28 **"7-15-4219. Effect of approval of urban renewal project.** Upon the approval of an urban renewal
29 project ~~by a municipality~~, the provisions of the urban renewal plan with respect to the future use and building
30 requirements applicable to the property covered by ~~said~~ the plan ~~shall be~~ are controlling ~~with respect thereto.~~"

1

2 **Section 19.** Section 7-15-4220, MCA, is amended to read:

3 **"7-15-4220. Use of neighborhood development program to implement urban renewal activities.**

4 (1) The ~~municipality~~ local governing body may ~~elect to~~ undertake and carry out urban renewal activities on a
5 yearly basis. ~~In such event~~ If that occurs, the activities ~~shall~~ must be included in the yearly budget of the
6 ~~municipality~~ local government. The undertaking of urban renewal activities on a yearly basis ~~shall~~ must be
7 designated as a "neighborhood development program", and the financing of ~~such~~ the activities ~~shall~~ must be
8 approved in accordance with 7-15-4218.

9 (2) ~~In the event of such election, the municipality~~ If the local governing body undertakes urban renewal
10 activities on a yearly basis, the local governing body shall present its proposed annual increment activities or
11 undertakings for public approval in keeping with 7-15-4211 through 7-15-4221. ~~Such~~ The activity year ~~shall~~ must
12 relate to the budget year of the ~~municipality~~ local government.

13 (3) ~~Such~~ The activities need not be limited to contiguous areas; ~~However, such~~ but the activities ~~shall~~
14 must be confined to the areas as outlined in the urban renewal plan as approved by the ~~municipality~~ local
15 government in accordance with this part. The yearly activities ~~shall~~ must constitute a part of the urban renewal
16 plan, and the ~~municipality~~ local governing body may ~~elect to~~ undertake certain yearly activities and total urban
17 renewal projects simultaneously.

18 (4) ~~Every municipality shall have all the~~ A local governing body has the power that is necessary or
19 convenient to plan and undertake neighborhood development projects consisting of urban renewal project
20 undertakings and activities in one or more urban renewal areas ~~which~~ that are planned and carried out on the
21 basis of annual increments in accordance with the provisions of this part and part 43 for carrying out and planning
22 urban renewal projects."
23

23

24 **Section 20.** Section 7-15-4221, MCA, is amended to read:

25 **"7-15-4221. Modification of urban renewal project plan.** (1) An urban renewal project plan may be
26 modified at any time by the local governing body. If modified after the lease or sale by the ~~municipality~~ local
27 government of real property in the urban renewal project area, the modification is subject to any rights at law or
28 in equity that a lessee or purchaser or the lessee's or purchaser's successor or successors in interest may be
29 entitled to assert.

30 (2) An urban renewal plan may be modified by ordinance or resolution.

- 1 (3) All urban renewal plans approved or modified by resolution prior to May 8, 1979, are validated.
- 2 (4) A plan may be modified by:
- 3 (a) the procedure set forth in 7-15-4212 through 7-15-4219 with respect to adoption of an urban renewal
- 4 plan;
- 5 (b) the procedure set forth in the plan."

6

7 **Section 21.** Section 7-15-4231, MCA, is amended to read:

8 **"7-15-4231. Exercise of powers related to urban renewal.** A ~~municipality~~ local governing body may

9 itself exercise its the urban renewal project powers ~~as herein defined~~ provided in part 43 and this part or may,

10 if the local governing body by resolution determines ~~such~~ the action to be in the public interest, elect to have ~~such~~

11 the powers exercised by the urban renewal agency created by 7-15-4232 or a department or other officers of the

12 ~~municipality~~ local government as they are authorized to exercise under this part and part 43."

13

14 **Section 22.** Section 7-15-4232, MCA, is amended to read:

15 **"7-15-4232. Authorization to assign urban renewal powers to municipal local government**

16 **departments or to create urban renewal agency.** When a ~~municipality~~ local governing body has made the

17 finding prescribed in 7-15-4210 and has elected to have the urban renewal project powers exercised as specified

18 in 7-15-4233:

- 19 (1) ~~such~~ the urban renewal project powers may be assigned to a department or other officers of the
- 20 ~~municipality~~ local government or to any existing public body corporate; or
- 21 (2) ~~the legislative body of a city~~ local governing body may create an urban renewal agency in ~~such~~
- 22 ~~municipality~~ local government, to be known as a public body corporate, to which ~~such~~ the powers may be
- 23 assigned."

24

25 **Section 23.** Section 7-15-4233, MCA, is amended to read:

26 **"7-15-4233. Powers which may be exercised by urban renewal agency or authorized department.**

27 (1) ~~In the event the local governing body makes such determination, such body~~ A local governing body may

28 authorize ~~the~~ an urban renewal agency or department or other officers of the ~~municipality~~ local government to

29 exercise any of the following urban renewal project powers:

30 (a) ~~to~~ formulate and coordinate a workable program as specified in 7-15-4209;

- 1 (b) ~~to~~ prepare urban renewal plans;
- 2 (c) ~~to~~ prepare recommended modifications to an urban renewal project plan;
- 3 (d) ~~to~~ undertake and carry out urban renewal projects as required by the local governing body;
- 4 (e) ~~to~~ make and execute contracts as specified in 7-15-4251, 7-15-4254, 7-15-4255, and 7-15-4281, with
5 the exception of contracts for the purchase or sale of real or personal property;
- 6 (f) ~~to~~ disseminate blight clearance and urban renewal information;
- 7 (g) ~~to~~ exercise the powers prescribed by 7-15-4255, except that the power to agree to conditions for
8 federal financial assistance ~~and~~ imposed pursuant to federal law relating to salaries and wages ~~shall be~~ is
9 reserved to the local governing body;
- 10 (h) ~~to~~ enter any building or property in any urban renewal area in order to make surveys and appraisals
11 in the manner specified in 7-15-4257;
- 12 (i) ~~to~~ improve, clear, or prepare for redevelopment any real or personal property in an urban renewal
13 area;
- 14 (j) ~~to~~ insure real or personal property as provided in 7-15-4258;
- 15 (k) ~~to~~ effectuate the plans provided for in 7-15-4254;
- 16 (l) ~~to~~ prepare plans for the relocation of families displaced from an urban renewal area and to coordinate
17 public and private agencies in ~~such~~ the relocation;
- 18 (m) ~~to~~ prepare plans for carrying out a program of voluntary or compulsory repair and rehabilitation of
19 buildings and improvements;
- 20 (n) ~~to~~ conduct appraisals, title searches, surveys, studies, and other preliminary plans and work
21 necessary to prepare for the undertaking of urban renewal projects;
- 22 (o) ~~to~~ negotiate for the acquisition of land;
- 23 (p) ~~to~~ study the closing, vacating, planning, or replanning of streets, roads, sidewalks, ways, or other
24 places and to make recommendations with respect ~~thereto~~ to those areas;
- 25 (q) ~~to~~ organize, coordinate, and direct the administration of the provisions of this part and part 43; and
26 (r) ~~to~~ perform such the duties ~~as that~~ the local governing body may direct ~~so as~~ in order to make the
27 necessary arrangements for the exercise of the powers and performance of the duties and responsibilities
28 entrusted to the local governing body.
- 29 (2) Any powers granted in part 43 or this part ~~or part 43~~ that are not included in subsection (1) as powers
30 of the urban renewal agency or a department or other officers of a ~~municipality in lieu thereof~~ local government

1 may only be exercised by the local governing body or other officers, boards, and commissions as provided under
 2 existing law."

3

4 **Section 24.** Section 7-15-4234, MCA, is amended to read:

5 **"7-15-4234. Urban renewal agency to be administered by appointed board of commissioners.** (1)

6 If the urban renewal agency is authorized to transact business and exercise powers under this part, the ~~mayor,~~
 7 ~~by and with the advice and consent of the~~ local governing body; shall appoint a board of commissioners of the
 8 urban renewal agency consisting of five commissioners.

9 (2) The initial membership ~~shall consist~~ consists of one commissioner appointed for 1 year, one for 2
 10 years, one for 3 years, and two for 4 years. Each subsequent appointment must be for 4 years. A certificate of
 11 the appointment or reappointment of a commissioner must be filed with the clerk of the ~~municipality~~ local
 12 governing body, and the certificate is conclusive evidence of the proper appointment of the commissioner.

13 (3) Each commissioner shall hold office until a successor has been appointed and has qualified.

14 (4) A commissioner may not receive compensation for services but is entitled to the necessary expenses,
 15 including traveling expenses, incurred in the discharge of duties.

16 (5) Any ~~persons~~ person may be appointed as ~~commissioners if they reside~~ commissioner if the person
 17 resides within the ~~municipality~~ local government.

18 (6) A commissioner may be removed for inefficiency, neglect of duty, or misconduct in office."
 19

20 **Section 25.** Section 7-15-4235, MCA, is amended to read:

21 **"7-15-4235. Restrictions on agency commissioners holding other public office.** A majority of the
 22 commissioners of an urban renewal agency exercising powers pursuant to part 43 or this part ~~or part 43~~ shall may
 23 not hold any other public office ~~under the municipality~~ in the local government other than their commissionership
 24 or office with respect to ~~such~~ the urban renewal agency, department, or office."
 25

26 **Section 26.** Section 7-15-4237, MCA, is amended to read:

27 **"7-15-4237. Annual report.** (1) An agency authorized to transact business and exercise powers under
 28 part 43 and this part ~~and part 43~~ shall file with the local governing body, on or before September 30 of each year,
 29 a report of its activities for the preceding fiscal year.

30 (2) The report shall must include a complete financial statement setting forth ~~its~~ the agency's assets,

1 liabilities, income, and operating expenses as of the end of the fiscal year.

2 (3) At the time of filing the report, the agency shall publish in a newspaper of general circulation in the
3 community a notice ~~to the effect that such~~ stating that the report has been filed with the ~~municipality~~ local
4 governing body and that the report is available for inspection during business hours in the office of the ~~city~~ clerk
5 of the governing body and in the office of the agency."
6

7 **Section 27.** Section 7-15-4239, MCA, is amended to read:

8 **"7-15-4239. Control of conflict of interest.** (1) (a) A public official, an employee of a ~~municipality~~ local
9 government or urban renewal agency, or a department or officers that have been vested by a ~~municipality~~ local
10 governing body with urban renewal project powers and responsibilities under 7-15-4231 may not voluntarily
11 acquire any interest, direct or indirect, in any urban renewal project, in any property included or planned to be
12 included in any urban renewal project of the ~~municipality~~ local government, or in any contract or proposed
13 contract in connection with an urban renewal project.

14 (b) When an acquisition is not voluntary, the interest acquired must be immediately disclosed in writing
15 to the local governing body, and the disclosure must be entered upon the minutes of the governing body.

16 (2) If an official or department or division head owns or controls or owned or controlled within 2 years
17 prior to the date of hearing on the urban renewal project any interest, direct or indirect, in any property that the
18 person knows is included in an urban renewal project, the person shall immediately disclose this fact in writing
19 to the local governing body, and the disclosure must be entered upon the minutes of the governing body. An
20 official or a department or division head may not participate in ~~any~~ an action on that particular project by the
21 ~~municipality~~ local governing body or urban renewal agency, department, or officers that have been vested with
22 urban renewal project powers by the ~~municipality~~ local governing body pursuant to the provisions of 7-15-4231."
23

24 **Section 28.** Section 7-15-4251, MCA, is amended to read:

25 **"7-15-4251. General powers of municipalities local governing bodies in connection with urban**
26 **renewal.** ~~Every municipality shall have all~~ A local governing body has the power that is necessary or convenient
27 to:

28 (1) ~~to~~ carry out and effectuate the purposes and provisions of part 43 and this part ~~and part 43~~;

29 (2) ~~to~~ undertake and carry out urban renewal projects within the ~~municipality~~ local government, to make
30 and execute contracts and other instruments necessary or convenient to the exercise of its powers under part

1 43 and this part and part 43, and to disseminate blight clearance and urban renewal information;

2 (3) ~~to~~ organize, coordinate, and direct, within the municipality local government, the administration of the
3 provisions of part 43 and this part and part 43 as they apply to ~~such municipality in order~~ the local government
4 so that the objective of remedying blighted areas and preventing the causes thereof within such municipality of
5 blight within the local government may be most effectively promoted and achieved and to establish ~~such the~~ new
6 office or offices of the municipality local government or to reorganize existing offices in order to carry out ~~such~~
7 the purpose most effectively;

8 (4) ~~to~~ exercise all or any part or combination of powers granted in part 43 and this part or part 43."

9

10 **Section 29.** Section 7-15-4252, MCA, is amended to read:

11 **"7-15-4252. Prevention and elimination of urban blight.** The municipality local governing body is
12 authorized to develop, test, and report methods and techniques and carry out demonstrations and other activities
13 for the prevention and the elimination of urban blight and to apply for, accept, and utilize grants of funds from the
14 federal government for ~~such~~ these purposes."

15

16 **Section 30.** Section 7-15-4253, MCA, is amended to read:

17 **"7-15-4253. Relocation of displaced families.** ~~Every municipality shall have~~ A local governing body
18 has the power to prepare plans for the relocation of families displaced from an urban renewal area, ~~and~~ to make
19 relocation payments, ~~and~~ to coordinate public and private agencies in ~~such the~~ relocation, including requesting
20 ~~such~~ assistance for this purpose as it is available from other private and governmental agencies, both for the
21 municipality local government and for other parties."

22

23 **Section 31.** Section 7-15-4254, MCA, is amended to read:

24 **"7-15-4254. Municipal Local governing body power in the preparation of various plans.** (1) ~~Every~~
25 ~~municipality shall have power, within the municipality~~ A local governing body has the power to:

26 (a) ~~to~~ make or have made all plans necessary to ~~the carrying~~ carry out of the purposes of this part and
27 to contract with any person, public or private, in making and carrying out ~~such the~~ plans; and

28 (b) ~~to~~ adopt or approve, modify, and amend ~~such the~~ plans.

29 (2) ~~Such~~ The plans may include, ~~without limitation~~ but are not limited to:

30 (a) a comprehensive plan or parts ~~thereof~~ of a plan for the locality as a whole;

- 1 (b) urban renewal plans;
- 2 (c) plans for carrying out a program of voluntary or compulsory repair and rehabilitation of buildings and
3 improvements;
- 4 (d) plans for the enforcement of state and local laws, codes, and regulations relating to the use of land
5 and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation,
6 demolition, or removal of buildings and improvements; and
- 7 (e) appraisals, title searches, surveys, studies, and other preliminary plans and work necessary to
8 prepare for the undertaking of urban renewal projects."

9

10 **Section 32.** Section 7-15-4255, MCA, is amended to read:

11 **"7-15-4255. Authority to provide or contract for services related to urban renewal.** (1) ~~Every~~
12 ~~municipality shall have~~ A local governing body has the power to:

- 13 (a) provide or arrange or contract for the furnishing or repair by any person or agency, public or private,
14 of services, privileges, works, streets, or roads in connection with an urban renewal project; and
- 15 (b) install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public
16 improvements.

17 (2) ~~Every municipality shall have~~ A local governing body has the power to agree to any conditions that
18 ~~it may deem~~ considers to be reasonable and appropriate attached to federal financial assistance and imposed
19 pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor
20 standards in the undertaking or carrying out of an urban renewal project and to include in any contract let in
21 connection with ~~such~~ a project provisions to fulfill ~~such of said~~ the conditions ~~as it may deem reasonable and~~
22 ~~appropriate.~~"

23

24 **Section 33.** Section 7-15-4256, MCA, is amended to read:

25 **"7-15-4256. Restriction on operation of certain utility services by ~~municipality~~ local government.**
26 ~~Nothing in part 43 or this part or part 43 shall~~ may be construed to authorize any ~~municipality~~ local governing body
27 to construct or operate, as a part of any urban renewal project, any electric generation plant, electric transmission
28 or distribution lines, or other public utility facilities, excepting waterlines and sewerlines then operated by
29 ~~municipalities~~ local governing bodies."

30

1 **Section 34.** Section 7-15-4257, MCA, is amended to read:

2 **"7-15-4257. Authority to enter private property.** (1) ~~Every municipality shall have~~ A local governing
3 body has the power, within the ~~municipality~~ local government, to enter upon any building or property in any urban
4 renewal area in order to make surveys and appraisals and to obtain an order for this purpose from a court of
5 competent jurisdiction in the event entry is denied or resisted.

6 (2) ~~Such entries shall~~ Entries must be made in ~~such a manner as to cause~~ that causes the least possible
7 inconvenience to the persons in possession of the property."

8

9 **Section 35.** Section 7-15-4258, MCA, is amended to read:

10 **"7-15-4258. Acquisition and administration of real and personal property.** (1) A ~~municipality~~ local
11 governing body may:

12 (a) acquire by purchase, lease, option, gift, grant, bequest, devise, eminent domain pursuant to Title 70,
13 chapter 30, or otherwise any real property and personal property that may be necessary for the administration
14 of the provisions contained in part 43 and this part, together with any improvements on the real property;

15 (b) hold, improve, clear, or prepare for redevelopment property acquired pursuant to subsection (1)(a);

16 (c) dispose of real or personal property;

17 (d) insure or provide for the insurance of real or personal property or the operations of the ~~municipality~~
18 local government against any risks or hazards, including the power to pay premiums on any insurance; and

19 (e) enter into a development agreement with the owner of real property within an urban renewal area
20 and undertake activities, including the acquisition, removal, or demolition of structures, improvements, or personal
21 property located on the real property, to prepare the property for redevelopment.

22 (2) A development agreement entered into in accordance with subsection (1)(e) must contain provisions
23 obligating the owner to redevelop the real property for a specified use consistent with the urban renewal plan and
24 offering recourse to the ~~municipality~~ local government if the redevelopment is not completed as determined by
25 the local governing body. The development agreement may not constitute the acquisition of an interest in real
26 property by the ~~municipality~~ local governing body within the meaning of 7-15-4262 or 7-15-4263.

27 (3) Except as provided in 7-15-4204(2), 7-15-4206, and 7-15-4259, statutory provisions with respect to
28 the acquisition, clearance, or disposition of property by public bodies may not restrict a ~~municipality~~ local
29 governing body in the exercise of functions with respect to an urban renewal project.

30 (4) A ~~municipality~~ local governing body may not acquire real property for an urban renewal project or

1 enter into a development agreement, as provided in subsection (1)(e), unless the local governing body has
2 approved the urban renewal project plan in accordance with 7-15-4216(2) and 7-15-4217."

3

4 **Section 36.** Section 7-15-4259, MCA, is amended to read:

5 **"7-15-4259. Exercise of power of eminent domain.** (1) After the adoption by the local governing body
6 of a resolution declaring that the acquisition of the real property described in the resolution is necessary for an
7 urban renewal project under this part, a ~~municipality~~ local governing body may acquire by condemnation, as
8 provided in Title 70, chapter 30, any interest in real property that it considers necessary for urban renewal.

9 (2) Condemnation for urban renewal of blighted areas, as defined in 7-15-4206(2)(a), (2)(h), (2)(k), or
10 (2)(n), is a public use, and property already devoted to any other public use or acquired by the owner or the
11 owner's predecessor in interest by eminent domain may be condemned for the purposes of this part.

12 (3) The award of compensation for real property taken for an urban renewal project may not be increased
13 by reason of any increase in the value of the real property caused by the assembly, clearance, or reconstruction
14 or proposed assembly, clearance, or reconstruction in the project area. An allowance may not be made for the
15 improvements begun on real property after notice to the owner of the property of the institution of proceedings
16 to condemn the property. Evidence is admissible bearing upon the unsanitary, unsafe, or substandard condition
17 of the premises or the unlawful use of the premises.

18 (4) A ~~city or town~~ local government may not serve as a pass-through entity by using its power of eminent
19 domain, as provided in Title 70, chapter 30, to obtain property with the intent to sell, lease, or provide the property
20 to a private entity."

21

22 **Section 37.** Section 7-15-4260, MCA, is amended to read:

23 **"7-15-4260. Exemption from levy and sale for certain property.** ~~All~~ (1) Subject to subsection (2):

24 (a) all property of a ~~municipality~~ local government, including funds, owned or held by it for the purposes
25 of part 43 and this part and part 43 shall be is exempt from levy and sale by virtue of an execution; and no

26 (b) an execution or other judicial process shall issue may not be issued against the same nor shall
27 judgment against a municipality be a the property of a local government; and

28 (c) a judgment against a local government may not be a charge or lien upon such the property.

29 (2); ~~provided, however, that the~~ The provisions of this section shall do not apply to or limit the right of
30 obligees to pursue any remedies for the enforcement of any pledge or lien given pursuant to part 43 or this part

1 ~~or part 43~~ by a municipality local government on an urban renewal project or the rents, fees, grants, or revenues
 2 derived from these projects."
 3

4 **Section 38.** Section 7-15-4261, MCA, is amended to read:

5 **"7-15-4261. Exemption from taxation for certain property.** (1) The property of a municipality local
 6 government acquired or held for the purposes of this part is declared to be public property used for essential
 7 public and governmental purposes, and ~~such the~~ property ~~shall~~ must be exempt from all taxes of the ~~municipality,~~
 8 ~~the county, local government,~~ the state, or any political subdivision ~~thereof of the state.~~

9 (2) ~~Such~~ The tax exemption ~~shall terminate~~ terminates when the municipality local governing body sells,
 10 leases, or otherwise disposes of ~~such the~~ property in an urban renewal area to a purchaser or lessee ~~which that~~
 11 is not a public body or ~~other to another~~ organization normally entitled to tax exemption with respect to ~~such the~~
 12 property."
 13

14 **Section 39.** Section 7-15-4262, MCA, is amended to read:

15 **"7-15-4262. Disposal of municipal local government property in urban renewal areas.** (1) A
 16 municipality local governing body may:

17 (a) sell, lease, or otherwise transfer real property in an urban renewal area or any interest in real property
 18 acquired by it for an urban renewal project for residential, recreational, commercial, industrial, or other uses or
 19 for public use and enter into contracts with respect to the real property; or

20 (b) retain the property or interest only for parks and recreation, education, public transportation, public
 21 safety, health, highways, streets and alleys, administrative buildings, or civic centers, in accordance with the
 22 urban renewal project plan and subject to any covenants, conditions, and restrictions, including covenants running
 23 with the land, that it considers necessary or desirable to assist in preventing the development or spread of
 24 blighted areas or otherwise to carry out the purposes of this part.

25 (2) The sale, lease, other transfer, or retention and any agreement relating the real property may be
 26 made only after the approval of the urban renewal plan by the local governing body.

27 (3) Except as provided in subsection (5), the real property or interest must be sold, leased, otherwise
 28 transferred, or retained at not less than its fair value for uses in accordance with the urban renewal plan. In
 29 determining the fair value of real property for uses in accordance with the urban renewal plan, a municipality local
 30 governing body shall take into account and give consideration to the:

- 1 (a) uses provided in the plan;
- 2 (b) restrictions upon and the covenants, conditions, and obligations assumed by the purchaser or lessee
3 or by the ~~municipality~~ local government retaining the property; and
- 4 (c) objectives of the plan for the prevention of the recurrence of blighted areas.
- 5 (4) Real property acquired by a ~~municipality~~ local government which, in accordance with the provisions
6 of the urban renewal plan, is to be transferred must be transferred as rapidly as feasible, in the public interest,
7 consistent with the carrying out of the provisions of the urban renewal plan.
- 8 (5) A transfer under this section may include a donation of the land or a sale of the land at a reduced
9 price to a corporation for the purpose of constructing:
- 10 (a) a multifamily housing development operated by the corporation for low-income housing;
- 11 (b) single-family houses. Upon completion of a house, the corporation shall sell the property to a
12 low-income person who meets the eligibility requirements of the corporation. Once the sale is completed, the
13 property becomes subject to taxation.
- 14 (c) improvements to real property or modifying, altering, or repairing improvements to real property that
15 will enable the corporation, subject to the restrictions of Article X, section 6, of the Montana constitution, to pursue
16 purposes specified in the articles of incorporation of the corporation, including the sale, lease, rental, or other use
17 of the donated land and improvements.
- 18 (6) Land that is transferred pursuant to subsection (5) must be used to permanently provide low-income
19 housing. The transfer of the property may contain a reversionary clause to reflect this condition."

20

21 **Section 40.** Section 7-15-4263, MCA, is amended to read:

22 **"7-15-4263. Procedure to dispose of property to private persons.** (1) A ~~municipality~~ local governing
23 body may dispose of real property in an urban renewal area to private persons only under reasonable procedures
24 as it ~~shall~~ may prescribe or as provided in this section.

25 (2) (a) A ~~municipality~~ local governing body shall by public notice invite proposals from and make available
26 all pertinent information to private redevelopers or any persons interested in undertaking to redevelop or
27 rehabilitate an urban renewal area or any part of an urban renewal area.

28 (b) The notice must be published as provided in 7-1-2121 or 7-1-4127 prior to the execution of any
29 contract or deed to sell, lease, or otherwise transfer real property and prior to the delivery of any instrument of
30 conveyance under the provisions of 7-15-4262 through 7-15-4266.

1 (c) The notice must identify the area or portion of the area and must state that any further information
2 that is available may be obtained at the office designated in the notice.

3 (3) The ~~municipality~~ local governing body shall consider all redevelopment or rehabilitation proposals
4 and the financial and legal ability of the persons making the proposals to carry them out. The ~~municipality~~ local
5 governing body may accept ~~those~~ proposals ~~as that~~ it considers to be in the public interest and in furtherance of
6 the purposes of part 43 and this part ~~and part 43~~. ~~Thereafter~~ After accepting the proposals, the ~~municipality~~ local
7 governing body may execute, in accordance with the provisions of 7-15-4262 and 7-15-4264, and deliver
8 contracts, deeds, leases, and other instruments of transfer."
9

10 **Section 41.** Section 7-15-4264, MCA, is amended to read:

11 **"7-15-4264. Obligations of transferees of ~~municipal~~ local government property in urban renewal**
12 **area.** (1) The purchasers or lessees and their successors and assigns are obligated to devote real property
13 transferred pursuant to 7-15-4262 only to the uses specified in the urban renewal plan and may be obligated to
14 comply with other requirements that the ~~municipality~~ local governing body may determine to be in the public
15 interest, including the obligation to begin within a reasonable time any improvements on real property required
16 by the urban renewal plan.

17 (2) In any instrument of conveyance to a private purchaser or lessee, the ~~municipality~~ local governing
18 body may provide that the purchaser or lessee may not sell, lease, or otherwise transfer the real property without
19 the prior written consent of the ~~municipality~~ local governing body until the purchaser or lessee has completed the
20 construction of any and all improvements that the purchaser or lessee is obligated to construct.

21 (3) The inclusion in a contract or conveyance to a purchaser or lessee of any covenants, restrictions,
22 or conditions, including the incorporation by reference of the provisions of an urban renewal plan or any part of
23 a plan, may not prevent the recording of the contract or conveyance in the land records of the clerk and recorder
24 of the county in which the ~~city or town~~ real property is located, in a manner that provides actual or constructive
25 notice of the covenants, restrictions, or conditions."
26

27 **Section 42.** Section 7-15-4265, MCA, is amended to read:

28 **"7-15-4265. Presumption of regularity in transfer of title.** Any instrument executed by a ~~municipality~~
29 local governing body and purporting to convey any right, title, or interest in any property under part 43 or this part
30 ~~or part 43~~ shall must be conclusively presumed to have been executed in compliance with the provisions of part

1 43 and this part and part 43 insofar as with regard to title or other interest of any bona fide purchasers, lessees,
 2 or transferees of such the property is concerned."

3
 4 **Section 43.** Section 7-15-4266, MCA, is amended to read:

5 **"7-15-4266. Temporary use of municipal local government property in urban renewal area.** A
 6 municipality local governing body may operate and maintain real property acquired in an urban renewal area
 7 pending the disposition of the property for redevelopment, without regard to the provisions of 7-15-4262 and
 8 7-15-4264, for ~~such~~ uses and purposes ~~as may be deemed~~ that the local governing body considers to be
 9 desirable even though not in conformity with the urban renewal plan. The municipality local governing body may,
 10 after a public hearing, extend the time for a period not to exceed 3 years."

11
 12 **Section 44.** Section 7-15-4267, MCA, is amended to read:

13 **"7-15-4267. Cooperation by public bodies.** (1) For the purpose of aiding in the planning, undertaking,
 14 or carrying out of an urban renewal project located within the area in which it is authorized to act, any public body
 15 authorized by law or by part 43 or this part or part 43, upon such terms, with or without consideration, as it may
 16 determine, may:

17 (a) dedicate, sell, convey, or lease any of its interest in any property, ~~or~~ grant easements, licenses, or
 18 other rights or privileges ~~therein~~ in the property, or grant easements to a municipality local government;

19 (b) incur the entire expense of any public improvements made by ~~such the~~ public body in exercising the
 20 powers granted in this section;

21 (c) ~~do any and all things~~ what the public body considers to be necessary to aid or cooperate in the
 22 planning or carrying out of an urban renewal plan;

23 (d) lend, grant, or contribute funds to a municipality local government;

24 (e) enter into agreements ~~(which may extend over any period, notwithstanding any provision or rule of~~
 25 ~~law to the contrary)~~ with a municipality local governing body or other public body respecting regarding action to
 26 be taken pursuant to any of the powers granted by part 43 or this part or part 43, including the furnishing of funds
 27 or other assistance in connection with an urban renewal project;

28 (f) cause to be furnished public buildings and public facilities, including parks,; playgrounds,; recreational,
 29 community, educational, water, sewer, or drainage facilities,; or any other works ~~which it that the public body~~ is
 30 ~~otherwise~~ empowered to undertake;

1 (g) furnish, dedicate, close, vacate, pave, install, grade, regrade, plan, or replan streets, roads,
2 sidewalks, ways, or other places;

3 (h) plan or replan or zone or rezone any part of the urban renewal area; and

4 (i) provide ~~such~~ administrative and other services as that may be ~~deemed requisite to~~ considered
5 necessary for the efficient exercise of the powers ~~herein~~ granted in this section.

6 (2) Any sale, conveyance, lease, or agreement provided for in this section ~~shall~~ must be made by a
7 public body with appraisal, public notice, advertisement, or public bidding in accordance with provisions of
8 7-15-4263."

9

10 **Section 45.** Section 7-15-4281, MCA, is amended to read:

11 **"7-15-4281. Financial authority in connection with urban renewal.** (1) A ~~municipality shall have~~ local
12 governing body has the power to:

13 (a) borrow money and apply for and accept advances, loans, grants, contributions, and any other form
14 of financial assistance for the purposes of this part and enter into and carry out contracts in connection with the
15 financial assistance from:

16 (i) the federal government;

17 (ii) the state, a county, or any other public body; or

18 (iii) any public or private sources, ~~public or private~~;

19 (b) (i) appropriate funds and make expenditures as may be necessary to carry out the purposes of this
20 part; and

21 (ii) subject to 15-10-420 and in accordance with state law, levy taxes and assessments for the purposes
22 of this part;

23 (c) invest any urban renewal project funds held in reserves or sinking funds or any funds that are not
24 required for immediate disbursement in property or securities in which mutual savings banks may legally invest
25 funds subject to their control;

26 (d) adopt, in accordance with state law, annual budgets for the operation of an urban renewal agency,
27 department, or office vested with urban renewal project powers under 7-15-4231;

28 (e) enter, in accordance with state law, into agreements, which may extend over any period, with
29 agencies or departments vested with urban renewal project powers under 7-15-4231 respecting action to be
30 taken by the ~~municipality~~ local governing body pursuant to any of the powers granted by part 43 or this part;

1 (f) close, vacate, plan, or replan streets, roads, sidewalks, ways, or other places and plan or replan, zone
2 or rezone any part of the ~~municipality~~ local government in accordance with state law.

3 (2) A ~~municipality~~ local governing body may include in any application or contract for financial assistance
4 with the federal government for an urban renewal project the conditions imposed pursuant to federal laws that
5 the ~~municipality~~ local governing body may consider reasonable and appropriate and that are not inconsistent with
6 the purposes of part 43 and this part."

7

8 **Section 46.** Section 7-15-4282, MCA, is amended to read:

9 **"7-15-4282. Authorization for tax increment financing.** Any An urban renewal plan as defined in
10 7-15-4206, ~~industrial district ordinance adopted pursuant to 7-15-4299, technology district ordinance adopted~~
11 ~~pursuant to 7-15-4295, or aerospace transportation and technology district ordinance adopted pursuant to~~
12 ~~7-15-4296~~ or a targeted economic development district comprehensive development plan created as provided
13 in [section 3] may contain a provision or be amended to contain a provision for the segregation and application
14 of tax increments as provided in 7-15-4282 through ~~7-15-4299~~ 7-15-4294."

15

16 **Section 47.** Section 7-15-4283, MCA, is amended to read:

17 **"7-15-4283. Definitions related to tax increment financing.** For purposes of 7-15-4282 through
18 ~~7-15-4299~~ 7-15-4294, the following definitions apply unless otherwise provided or indicated by the context:

19 (1) "Actual taxable value" means the taxable value of all taxable property at any time, as calculated from
20 the ~~last equalized assessment roll~~ property tax record.

21 (2) ~~"Aerospace transportation and technology district" means a tax increment financing aerospace~~
22 ~~transportation and technology district created pursuant to 7-15-4296.~~

23 ~~———(3) "Aerospace transportation and technology infrastructure development project" means a project~~
24 ~~undertaken within or for an aerospace transportation and technology district that consists of any of the activities~~
25 ~~authorized by 7-15-4288.~~

26 ~~———(4)~~(2) "Base taxable value" means the actual taxable value of all taxable property within an urban
27 renewal area, ~~industrial district, technology district, or aerospace transportation and technology district~~ or targeted
28 economic development district as it appears on the property tax record prior to the effective date of a tax
29 increment financing provision. This value may be adjusted as provided in 7-15-4287 or 7-15-4293.

30 ~~(5)~~(3) "Incremental taxable value" means the amount, if any, by which the actual taxable value at any

1 time exceeds the base taxable value of all taxable property within an urban renewal area, ~~industrial district,~~
 2 ~~technology district, or aerospace transportation and technology district subject to taxation or targeted economic~~
 3 ~~development district.~~

4 ~~(6) "Industrial district" means a tax increment financing industrial district created pursuant to 7-15-4297~~
 5 ~~through 7-15-4299.~~

6 ~~———(7) "Industrial infrastructure development project" means a project undertaken within or for an industrial~~
 7 ~~district that consists of any of the activities authorized by 7-15-4288.~~

8 ~~———(8) "Municipality" means any incorporated city or town, county, or city-county consolidated local~~
 9 ~~government for the purposes of:~~

10 ~~———(a) an industrial district operating pursuant to 7-15-4282 through 7-15-4294 and Title 7, chapter 15, part~~
 11 ~~43;~~

12 ~~———(b) a technology district operating pursuant to 7-15-4282 through 7-15-4294 and Title 7, chapter 15, part~~
 13 ~~43; or~~

14 ~~———(c) an aerospace transportation and technology district operating pursuant to 7-15-4282 through~~
 15 ~~7-15-4294 and Title 7, chapter 15, part 43.~~

16 ~~———(9)(4) "Targeted economic development district" means a district created pursuant to [sections 1 through~~
 17 ~~4].~~

18 (5) "Tax increment" means the collections realized from extending the tax levies, expressed in mills, of
 19 all taxing bodies in which the urban renewal area, ~~industrial district, technology district, aerospace transportation~~
 20 ~~and technology or targeted economic development~~ district, or a part of an area or district is located against the
 21 incremental taxable value.

22 ~~(10)(6)~~ (6) "Tax increment provision" means a provision for the segregation and application of tax increments
 23 as authorized by 7-15-4282 through ~~7-15-4299~~ 7-15-4294.

24 ~~(11)(7)~~ (7) "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.

25 ~~(12)(8)~~ (8) "Taxing body" means any incorporated city or town, county, city-county consolidated local
 26 government, school district, or other political subdivision or governmental unit of the state, including the state, that
 27 levies taxes against property within the urban renewal area, ~~industrial district, technology district, or an aerospace~~
 28 ~~transportation and technology or targeted economic development~~ district.

29 (13) "Technology district" means a tax increment financing district created pursuant to 7-15-4295.

30 ~~———(14) "Technology infrastructure development project" means a project undertaken within or for a~~

1 ~~technology district that consists of any of the activities authorized by 7-15-4288."~~

2

3 **Section 48.** Section 7-15-4284, MCA, is amended to read:

4 **"7-15-4284. Filing of tax increment provisions plan or district ordinance.** (1) The clerk of the
5 ~~municipality local government~~ shall ~~file~~ provide a certified copy of the ordinance creating each urban renewal plan;
6 ~~industrial district ordinance, technology district ordinance, or aerospace transportation and technology district~~
7 ~~ordinance or or targeted economic development district comprehensive development plan and~~ an amendment
8 to ~~any of them~~ either of the plans containing a tax increment provision ~~with~~ to the department of revenue.

9 (2) A certified copy of each plan, ordinance, resolution, or amendment must also be filed with the clerk
10 or other appropriate officer of each of the affected taxing bodies."

11

12 **Section 49.** Section 7-15-4285, MCA, is amended to read:

13 **"7-15-4285. Determination and report of original, actual, and incremental taxable values.** The
14 department of revenue shall, upon receipt of a qualified tax increment provision and each succeeding year,
15 calculate and report to the ~~municipality local governing body~~ and to any other affected taxing body in accordance
16 with Title 15, chapter 10, part 2, the base, actual, and incremental taxable values of the property."

17

18 **Section 50.** Section 7-15-4286, MCA, is amended to read:

19 **"7-15-4286. Procedure to determine and disburse tax increment.** (1) Mill rates of taxing bodies for
20 taxes levied after the effective date of the tax increment provision must be calculated on the basis of the sum of
21 the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the
22 urban renewal area, ~~industrial district, technology district, or aerospace transportation and technology or targeted~~
23 economic development district and the base taxable value of all taxable property located within the area or district.
24 The mill rate determined must be levied against the sum of the actual taxable value of all taxable property located
25 within as well as outside the area or district.

26 (2) (a) The tax increment, if any, received in each year from the levy of the combined mill rates of all the
27 affected taxing bodies against the incremental taxable value within the area or district, except for the university
28 system mills levied and assessed against property, must be paid into a special fund held by the treasurer of the
29 ~~municipality local government~~ and used as provided in 7-15-4282 through ~~7-15-4299~~ 7-15-4294.

30 (b) The balance of the taxes collected in each year must be paid to each of the taxing bodies as

1 otherwise provided by law."

2

3 **Section 51.** Section 7-15-4287, MCA, is amended to read:

4 **"7-15-4287. Provision for use of portion of tax increment.** (1) At the time of the adoption of a tax
5 increment provision or at any later time ~~subsequent thereto~~, the local governing body ~~of the municipality~~ may
6 provide that a portion of the tax increment from the incremental taxable value ~~shall~~ must be released from
7 segregation by an adjustment of the base taxable value, ~~provided that if:~~

8 (a) all principal and interest then due on bonds for which the tax increment has been pledged has been
9 fully paid; and

10 (b) the tax increment resulting from the smaller incremental value is determined by the governing body
11 to be sufficient to pay all principal and interest due later on the bonds.

12 (2) The adjusted base value determined under subsection (1) ~~shall~~ must be reported by the clerk to the
13 officers and taxing bodies to which the increment provision is reported.

14 (3) ~~Thereafter~~ After an adjustment has been made, the adjusted base value is used in determining the
15 mill rates of affected taxing bodies unless the tax increment resulting from the adjustment is determined by the
16 local governing body to be insufficient for this purpose. In ~~this that~~ case, the local governing body ~~must~~ shall
17 reduce the base value to the amount ~~originally determined or to a higher amount necessary to provide tax~~
18 increments of tax increment that the governing body has determined to be sufficient to pay all principal and
19 interest due on the bonds."

20

21 **Section 52.** Section 7-15-4288, MCA, is amended to read:

22 **"7-15-4288. Costs that may be paid by tax increment financing.** The tax increments may be used
23 by the ~~municipality~~ local governing body to pay the following costs of or incurred in connection with an urban
24 renewal ~~project, industrial infrastructure development project, technology infrastructure development project, or~~
25 ~~aerospace transportation and technology infrastructure development project~~ area or targeted economic
26 development district as identified in the urban renewal plan or targeted economic development district
27 comprehensive development plan:

28 (1) land acquisition;

29 (2) demolition and removal of structures;

30 (3) relocation of occupants;

- 1 (4) the acquisition, construction, and improvement of public improvements or infrastructure, ~~industrial~~
2 ~~infrastructure, technology infrastructure, or aerospace transportation and technology infrastructure that includes~~
3 ~~including~~ streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking
4 facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment
5 facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, ~~spaceports for~~
6 ~~reusable launch vehicles with associated runways and launch, recovery, fuel manufacturing, and cargo holding~~
7 ~~facilities~~, publicly owned buildings, and any public improvements authorized by Title 7, chapter 12, parts 41
8 through 45; Title 7, chapter 13, parts 42 and 43; and Title 7, chapter 14, part 47, and items of personal property
9 to be used in connection with improvements for which the foregoing costs may be incurred;
- 10 (5) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;
- 11 (6) acquisition of infrastructure-deficient areas or portions of areas;
- 12 (7) administrative costs associated with the management of the urban renewal area, ~~industrial district,~~
13 ~~technology district, or aerospace transportation and technology~~ or targeted economic development district;
- 14 (8) assemblage of land for development or redevelopment by private enterprise or public agencies,
15 including sale, initial leasing, or retention by the ~~municipality~~ local government itself at its fair value;
- 16 (9) the compilation and analysis of pertinent information required to adequately determine the needs of
17 ~~an urban renewal project in an urban renewal area, the infrastructure needs of secondary, value-adding industries~~
18 ~~in the industrial district, the needs of a technology infrastructure development project in the technology district,~~
19 ~~or the needs of an aerospace transportation and technology infrastructure development project in the aerospace~~
20 ~~transportation and technology~~ the urban renewal area or targeted economic development district;
- 21 (10) the connection of the urban renewal area, ~~industrial district, technology district, or aerospace~~
22 ~~transportation and technology~~ or targeted economic development district to existing infrastructure outside the area
23 or district;
- 24 (11) the provision of direct assistance, ~~through industrial infrastructure development projects, technology~~
25 ~~infrastructure development projects, or aerospace transportation and technology infrastructure development~~
26 ~~projects~~, to ~~secondary~~, value-adding industries to assist in meeting their infrastructure and land needs within the
27 area or district; and
- 28 (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,
29 abating, or eliminating pollution."
30

1 **Section 53.** Section 7-15-4289, MCA, is amended to read:

2 **"7-15-4289. Use of tax increments for bond payments.** The tax increment may be pledged to the
3 payment of the principal of premiums, if any, and interest on bonds ~~which the municipality~~ that the local governing
4 body may issue for the purpose of providing funds to pay ~~such~~ the costs."

5
6 **Section 54.** Section 7-15-4290, MCA, is amended to read:

7 **"7-15-4290. Use of property taxes and other revenue for payment of bonds.** (1) (a) The tax
8 increment derived from an urban renewal area may be pledged for the payment of revenue bonds issued for
9 urban renewal projects or of general obligation bonds, revenue bonds, or special assessment bonds issued to
10 pay urban renewal costs described in 7-15-4288 and 7-15-4289.

11 (b) The tax increment derived from ~~an industrial~~ a targeted economic development district may be
12 pledged for the payment of revenue bonds issued for ~~industrial infrastructure~~ targeted economic
13 district projects or of general obligation bonds, revenue bonds, or special assessment bonds issued to pay
14 ~~industrial~~ targeted economic development district costs described in 7-15-4288 and 7-15-4289.

15 ~~(c) The tax increment derived from a technology district may be pledged for the payment of revenue~~
16 ~~bonds issued for technology infrastructure development projects or of general obligation bonds, revenue bonds,~~
17 ~~or special assessment bonds issued to pay technology district costs described in 7-15-4288 and 7-15-4289.~~

18 ~~———(d) The tax increment derived from an aerospace transportation and technology district may be pledged~~
19 ~~for the payment of revenue bonds issued for aerospace transportation and technology infrastructure development~~
20 ~~projects or of general obligation bonds, revenue bonds, or special assessment bonds issued to pay aerospace~~
21 ~~transportation and technology district costs described in 7-15-4288 and 7-15-4289.~~

22 (2) A ~~municipality~~ local government issuing bonds pursuant to subsection (1) may, by resolution of its
23 governing body, enter into a covenant for the security of the bondholders, detailing the calculation and adjustment
24 of the tax increment and the taxable value on which it is based and, after a public hearing, pledging or
25 appropriating other revenue of the ~~municipality~~ local government, except property taxes prohibited by subsection
26 (3), to the payment of the bonds if collections of the tax increment are insufficient.

27 (3) Property taxes, except the tax increment derived from property within the area or district and tax
28 collections used to pay for services provided to the ~~municipality~~ local government by a project, may not be applied
29 to the payment of bonds issued pursuant to 7-15-4301 for which a tax increment has been pledged.

30 (4) If applicable, the ~~municipality~~ local government shall specify whether the bonds are tax credit bonds

1 as provided in 17-5-117, recovery zone economic development bonds or recovery zone facility bonds as provided
 2 in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141."

3

4 **Section 55.** Section 7-15-4291, MCA, is amended to read:

5 **"7-15-4291. Agreements to remit unused portion of tax increments.** The ~~municipality~~ local governing
 6 body may also enter into agreements with the other affected taxing bodies to remit to ~~such the other~~ taxing bodies
 7 any portion of the annual tax increment not currently required for the payment of the costs listed in 7-15-4288 or
 8 pledged to the payment of the principal of premiums, if any, and interest on the bonds referred to in 7-15-4289."

9

10 **Section 56.** Section 7-15-4292, MCA, is amended to read:

11 **"7-15-4292. Termination of tax increment financing -- exception.** (1) The tax increment provision
 12 contained in an urban renewal plan or a targeted economic development district comprehensive development
 13 plan terminates upon the later of:

14 (a) the 15th year following its adoption; or

15 (b) the payment or provision for payment in full or discharge of all bonds for which the tax increment has
 16 been pledged and the interest on the bonds.

17 (2) (a) Except as provided in subsection (2)(b), any amounts remaining in the special fund or any reserve
 18 fund after termination of the tax increment provision must be distributed among the various taxing bodies in
 19 proportion to their property tax revenue from the area or district.

20 (b) Upon termination of the tax increment provision, a ~~municipality~~ local government may retain and use
 21 in accordance with the provisions of the urban renewal plan:

22 (i) funds remaining in the special fund or a reserve fund related to a binding loan commitment,
 23 construction contract, or development agreement for an approved urban renewal project that a ~~municipality~~ local
 24 government entered into before the termination of a tax increment provision;

25 (ii) loan repayments received after the date of termination of the tax increment provision from loans made
 26 pursuant to a binding loan commitment; or

27 (iii) funds from loans previously made pursuant to a loan program established under an urban renewal
 28 plan.

29 (3) After termination of the tax increment provision, all taxes must be levied upon the actual taxable value
 30 of the taxable property in the urban renewal area, ~~the industrial district, the technology district, or the aerospace~~

1 ~~transportation and technology~~ or the targeted economic development district and must be paid to each of the
 2 taxing bodies as provided by law.

3 (4) Bonds secured in whole or in part by a tax increment provision may not be issued after the 15th
 4 anniversary of tax increment provisions. However, if bonds secured by a tax increment provision are outstanding
 5 on the applicable anniversary, additional bonds secured by the tax increment provision may be issued if the final
 6 maturity date of the bonds is not later than the final maturity date of any bonds then outstanding and secured by
 7 the tax increment provision."

8

9 **Section 57.** Section 7-15-4293, MCA, is amended to read:

10 **"7-15-4293. Adjustment of base taxable value following change of law or local disaster.** (1) If the
 11 base taxable value of an urban renewal area, ~~an industrial district, a technology district, or an aerospace~~
 12 ~~transportation and technology~~ or targeted economic development district is affected after its original determination
 13 by a statutory, administrative, or judicial change in the method of appraising property, the tax rate applied to it,
 14 the tax exemption status of property, or the taxable valuation of property if the change in taxable valuation is
 15 based on conditions existing at the time the base year was established, the local governing body ~~of the~~
 16 ~~municipality~~ may request the department of revenue to estimate the base taxable value so that the tax increment
 17 resulting from the increased incremental value is sufficient to pay all principal and interest on the bonds as those
 18 payments become due.

19 (2) If a tax increment financing district created after January 1, 2002, has not issued bonds, the local
 20 governing body ~~of a municipality~~ may request the department of revenue to adjust the base taxable value to
 21 account for a loss of taxable revenue resulting from the state granting property in the area or district tax-exempt
 22 status within the first year of creation of the tax increment financing district. The ~~municipality~~ local governing body
 23 shall give notice of and hold a public hearing on the proposed change.

24 (3) (a) If an urban renewal area, ~~an industrial district, a technology district, or an aerospace~~
 25 ~~transportation and technology~~ or targeted economic development district suffers a loss of property value directly
 26 related to a disaster for which the principal executive officer of the local jurisdiction has made a disaster
 27 declaration pursuant to 10-3-402, the department of revenue shall decrease the base taxable value of the area
 28 or district by the amount of the base taxable value lost because of the disaster in the tax year in which the disaster
 29 is declared. The principal executive officer shall forward a copy of the disaster declaration to the department of
 30 revenue.

1 (b) The taxable value removed from the base taxable value of the area or district under subsection (3)(a)
2 must be added to the base taxable value of the area or district upon reconstruction of the property in the tax year
3 of reconstruction. If reconstruction of the property is only partially completed as of January 1 of the tax year, the
4 department of revenue shall determine the base taxable value of the property for that tax year by multiplying the
5 percentage of completion, expressed as a decimal equivalent, of reconstruction of the property by the original
6 base taxable value of the property. The addition to the base taxable value under this subsection (3)(b) is limited
7 to the amount of the original base taxable value of each parcel before the disaster occurred."
8

9 **Section 58.** Section 7-15-4294, MCA, is amended to read:

10 **"7-15-4294. Assessment agreements.** (1) A ~~municipality~~ local governing body may enter into a written
11 agreement with any private person:

12 (a) establishing a minimum market value of land, existing improvements, or improvements or equipment
13 to be constructed or acquired; and

14 (b) requiring the individual to pay an annual tax deficiency fee whenever the property that is the subject
15 of the agreement is valued by the department of revenue for property tax purposes at a market value that is less
16 than the value established by the agreement. The amount of the deficiency fee may not exceed the difference
17 between the property taxes that would have been imposed on the property based on the minimum value of the
18 property expressed in the agreement and the property taxes that are imposed on the property based on the
19 market value established by the department of revenue.

20 (2) The property that is the subject of the agreement must be located or installed in an urban renewal
21 ~~area, an industrial district, a technology district, an aerospace transportation and technology district, or any other~~
22 ~~area or~~ or targeted economic development district that is subject to a tax increment financing provision.

23 (3) The minimum value established by the agreement may be fixed or may increase or decrease in later
24 years from the initial minimum value as provided in the agreement.

25 (4) The agreement creates a lien on the property pursuant to 71-3-1506 and must be filed and recorded
26 in the office of the county clerk and recorder in each county in which the property or any part of the property is
27 located. Recording an agreement constitutes notice of the agreement to anyone who acquires any interest in the
28 property that is the subject of the agreement, and the agreement is binding upon the person acquiring the interest.

29 (5) An agreement made pursuant to subsection (1) may be modified or terminated by mutual consent
30 of the current parties to the agreement. Modification or termination of an agreement must be approved by the

1 local governing body of the municipality. A document modifying or terminating an agreement must be filed in the
 2 office of the county clerk and recorder in each county in which the property or any part of the property is located.

3 (6) An agreement entered into pursuant to subsection (1) or modified pursuant to subsection (5)
 4 terminates on the earliest of:

5 (a) the date on which conditions in the agreement for termination are satisfied;

6 (b) the termination date specified in the agreement; or

7 (c) the date when the tax increment is no longer paid to the ~~municipality~~ local government under
 8 7-15-4292.

9 (7) This section does not limit a ~~municipality's~~ local governing body's authority to enter into contracts
 10 other than tax deficiency agreements as described in this section."

11

12 **Section 59.** Section 7-15-4301, MCA, is amended to read:

13 **"7-15-4301. Authorization to issue urban renewal bonds, ~~industrial infrastructure development~~**
 14 **~~bonds, technology infrastructure development bonds, aerospace transportation and technology~~**
 15 **~~infrastructure development~~ targeted economic development bonds, and refunding bonds. (1) A**
 16 **~~municipality~~ local government may:**

17 (a) issue bonds from time to time, in its discretion, to finance the undertaking of any urban renewal
 18 project, ~~industrial infrastructure development project, technology infrastructure development project, or aerospace~~
 19 ~~transportation and technology infrastructure development~~ or targeted economic development district project under
 20 Title 7, chapter 15, part 42, and this part, including, without limiting the generality of projects, the payment of
 21 principal and interest upon any advances for surveys and plans for the projects; and

22 (b) issue refunding bonds for the payment or retirement of bonds previously issued by it.

23 (2) Except as provided in 7-15-4302, bonds may not pledge the general credit of the ~~municipality~~ local
 24 government and must be made payable, as to both principal and interest, solely from the income, proceeds,
 25 revenue, and funds of the ~~municipality~~ local government derived from or held in connection with its undertaking
 26 and carrying out of urban renewal projects, ~~industrial infrastructure development projects, technology~~
 27 ~~infrastructure development project, or aerospace transportation and technology infrastructure development~~ or
 28 targeted economic development district projects under Title 7, chapter 15, part 42, and this part, including the tax
 29 increment received and pledged by the ~~municipality~~ local government pursuant to 7-15-4282 through ~~7-15-4299~~
 30 7-15-4294, and, if the income, proceeds, revenue, and funds of the ~~municipality~~ local government are insufficient

1 for the payment, from other revenue of the ~~municipality~~ local government pledged to the payment. Payment of
 2 the bonds, both as to principal and interest, may be further secured by a pledge of any loan, grant, or contribution
 3 from the federal government or other source in aid of any urban renewal projects, ~~industrial infrastructure~~
 4 ~~development projects, technology infrastructure development project, or aerospace transportation and technology~~
 5 ~~infrastructure development~~ or targeted economic development district projects of the ~~municipality~~ local
 6 government under Title 7, chapter 15, part 42, and this part or by a mortgage on all or part of any projects.

7 (3) Bonds issued under this section must be authorized by resolution or ordinance of the local governing
 8 body.

9 (4) If applicable, the local governing body ~~of the municipality~~ shall specify whether the bonds are tax
 10 credit bonds as provided in 17-5-117, recovery zone economic development bonds or recovery zone facility
 11 bonds as provided in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141."

12

13 **Section 60.** Section 7-15-4302, MCA, is amended to read:

14 **"7-15-4302. Authorization to issue general obligation bonds.** (1) For the purpose of 7-15-4267 or
 15 for the purpose of aiding in the planning, undertaking, or carrying out of an urban renewal project, ~~industrial~~
 16 ~~infrastructure development project, technology infrastructure development project, or aerospace transportation~~
 17 ~~and technology infrastructure project of a municipality, the municipality~~ or targeted economic development district
 18 project, the local government, in addition to any authority to issue bonds pursuant to 7-15-4301, may issue and
 19 sell its general obligation bonds.

20 (2) Any bonds issued pursuant to this section must be issued in the manner and within the limitations
 21 prescribed by the laws of this state for the issuance and authorization of bonds by the ~~municipality~~ local
 22 government for public purposes generally.

23 (3) Aiding in the planning, undertaking, or carrying out of an approved urban renewal project, ~~industrial~~
 24 ~~infrastructure development project, technology infrastructure development project, or aerospace transportation~~
 25 ~~and technology infrastructure~~ or targeted economic development district project is considered a single purpose
 26 for the issuance of general obligation bonds, and the proceeds of the bonds authorized for a project may be used
 27 to finance the exercise of the powers conferred upon the ~~municipality~~ local government by Title 7, chapter 15,
 28 part 42, and this part that are necessary or proper to complete the project in accordance with the approved plan;
 29 ~~industrial district ordinance, technology district ordinance, or aerospace transportation and technology district~~ or
 30 ordinance and any modification to the ordinance that is duly adopted by the local governing body.

1 (4) If applicable, the ~~municipality~~ local governing body shall specify whether the bonds are tax credit
 2 bonds as provided in 17-5-117, recovery zone economic development bonds or recovery zone facility bonds as
 3 provided in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141."

4
 5 **Section 61.** Section 7-15-4304, MCA, is amended to read:

6 **"7-15-4304. Presumption of regularity of bond issuance.** In a suit, action, or proceeding involving the
 7 validity or enforceability of or security for any bond issued under Title 7, chapter 15, part 42, and this part, a bond
 8 reciting in substance that it has been issued by the ~~municipality~~ local government in connection with an urban
 9 renewal project, ~~industrial infrastructure development project, technology infrastructure development project, or~~
 10 ~~aerospace transportation and technology infrastructure development~~ or targeted economic development district
 11 project is conclusively considered to have been issued for that purpose and the project is conclusively considered
 12 to have been planned, located, and carried out in accordance with the provisions of Title 7, chapter 15, part 42,
 13 and this part."

14
 15 **Section 62.** Section 7-15-4305, MCA, is amended to read:

16 **"7-15-4305. Validity and sufficiency of signatures on bonds.** ~~In case~~ If any of the public officials of
 17 the ~~municipality~~ local government whose signatures appear on any bonds or coupons issued under part 42 and
 18 ~~this part and part 42~~ shall cease to be ~~such~~ officials of the local government before the delivery of ~~such~~ the bonds,
 19 ~~such signatures shall, nevertheless, the signatures must be considered to~~ be valid and sufficient for all purposes
 20 the same as if ~~such~~ the officials had remained in office until ~~such~~ the delivery."

21
 22 **Section 63.** Section 7-15-4306, MCA, is amended to read:

23 **"7-15-4306. Bonds as legal investments.** (1) All banks, trust companies, bankers, savings banks and
 24 institutions, building and loan associations, savings and loan associations, investment companies, and other
 25 persons carrying on a banking or investment business,; all insurance companies, insurance associations, and
 26 other persons carrying on an insurance business,; and all executors, administrators, curators, trustees, and other
 27 fiduciaries may legally invest any sinking funds, money, or other funds belonging to them or within their control
 28 in any bonds or other obligations issued by a ~~municipality~~ local government pursuant to part 42 and this part ~~and~~
 29 ~~part 42, provided that such~~ if:

30 (a) the bonds and other obligations ~~shall be~~ are secured by an agreement between the issuer and the

1 federal government in which the issuer agrees to borrow from the federal government and the federal government
 2 agrees to lend to the issuer, prior to the maturity of ~~such the~~ bonds or other obligations, money in an amount
 3 ~~which (that,~~ together with any other money irrevocably committed to the payment of interest on ~~such the~~ bonds
 4 or other obligations), will suffice to pay the principal of ~~such the~~ bonds or other obligations with interest to maturity;
 5 and

6 ~~(b) thereon, which the~~ money under the terms of ~~said the~~ agreement is required to be used for the
 7 purpose of paying the principal of and the interest on ~~such the~~ bonds or other obligations at their maturity.

8 (2) ~~Such The~~ bonds and other obligations ~~shall must~~ be authorized security for all public deposits. It is
 9 the purpose of this section to authorize any persons, political subdivisions, and officers, public or private, to use
 10 any funds owned or controlled by them for the purchase of ~~any such the~~ bonds or other obligations.

11 (3) Nothing contained in this section with regard to legal investments ~~shall may~~ be construed as relieving
 12 any person of any duty of exercising reasonable care in selecting securities."

13

14 **Section 64.** Section 7-15-4322, MCA, is amended to read:

15 **"7-15-4322. Details relating to urban renewal bonds.** (1) Bonds issued under 7-15-4301 may be
 16 issued in one or more series and must bear a date or dates, be payable upon demand or mature at a time or
 17 times, bear interest as provided in 17-5-102, be in denomination or denominations, be in form (either coupon or
 18 registered), carry conversion or registration privileges, have rank or priority, be executed in a manner, be payable
 19 in a medium of payment at a place or places, be subject to terms of redemption (with or without premium), be
 20 secured in a manner, and have other characteristics as may be provided by the resolution, ordinance, or trust
 21 indenture or a mortgage authorized pursuant to the resolution, ordinance, or trust indenture.

22 (2) (a) The bonds may be sold at not less than 97% of par, at public or private sale, or may be
 23 exchanged for other bonds on the basis of par.

24 (b) The bonds may be sold to the federal government at private sale at not less than par, and if less than
 25 all of the authorized principal amount of the bonds is sold to the federal government, the balance may be sold,
 26 at public or private sale, at not less than 97% of par at an interest cost to the ~~municipality~~ local government of not
 27 to exceed the interest cost of the portion of the bonds sold to the federal government."

28

29 **Section 65.** Section 7-15-4323, MCA, is amended to read:

30 **"7-15-4323. Redemption of urban renewal bonds.** ~~Every municipality shall have~~ A local governing

1 body has the power to redeem ~~such~~ bonds ~~as that~~ have been issued pursuant to 7-15-4301 at the established
 2 redemption price ~~established therein~~ or to purchase ~~such the~~ bonds at less than redemption price. All ~~such~~ bonds
 3 ~~so~~ redeemed or purchased ~~shall~~ as provided in this section must be canceled."
 4

5 **Section 66.** Section 7-15-4324, MCA, is amended to read:

6 **"7-15-4324. Special bond provisions when tax increment financing is involved.** (1) Bonds issued
 7 under this part for which a tax increment is pledged pursuant to 7-15-4282 through ~~7-15-4299~~ 7-15-4294 must
 8 be designed to mature not later than 25 years from their date of issue and must mature in years and amounts
 9 so that the principal and interest due on the bonds in each year may not exceed the estimated tax increment,
 10 payments in lieu of taxes or other amounts agreed to be paid by the property owners in a district, and other
 11 estimated revenue, including proceeds of the bonds available for payment of interest on the bonds, pledged to
 12 their payment to be received in that year.

13 (2) The local governing body, in the resolution or ordinance authorizing the bonds, shall determine the
 14 estimated tax increment, payments in lieu of taxes or other amounts agreed to be paid by the property owners
 15 in an area or district, and other revenue, if any, for each year the bonds are to be outstanding. In calculating the
 16 costs under 7-15-4288 for which the bonds are issued, the ~~municipality~~ local governing body may include an
 17 amount sufficient to pay interest on the bonds prior to receipt of tax increments pledged and sufficient for the
 18 payment of the bonds and to fund any reserve fund in respect of the bonds."
 19

20 **Section 67.** Section 71-3-1506, MCA, is amended to read:

21 **"71-3-1506. Tax deficiency lien.** A ~~municipality~~ local government has a lien for tax deficiency payments
 22 as described in a properly filed agreement for tax deficiency payment pursuant to 7-15-4294. The lien has the
 23 same priority as a lien for general property taxes. Lien proceeds must be disbursed pursuant to 7-15-4286(2)."
 24

25 NEW SECTION. **Section 68. Existing technology districts, aerospace transportation and**
 26 **technology districts, and industrial districts.** Technology districts, aerospace transportation and technology
 27 districts, and industrial districts established under Title 7, chapter 15, part 42, prior to January 1, 2007, that are
 28 in existence on June 30, 2011, may continue to operate and issue bonds under laws governing the districts and
 29 financial operations of the districts as those laws read on December 31, 2010, except that the local governing
 30 body may not amend the plan or boundaries of the district or expand in any manner the projects contained in the

1 plan without providing notice of the changes to the director of the department of revenue or the director's
2 designee and receiving approval of the department for the plan or boundary changes. A technology district, an
3 aerospace transportation and technology district, or an industrial district may be terminated and a targeted
4 economic development district may be simultaneously created if the created district complies with [sections 1
5 through 4].

6
7 **NEW SECTION. Section 69. Repealer.** The following sections of the Montana Code Annotated are
8 repealed:

- 9 7-15-4295. Technology districts.
10 7-15-4296. Aerospace transportation and technology districts.
11 7-15-4297. Short title.
12 7-15-4298. Legislative findings.
13 7-15-4299. Industrial districts.
14 17-5-820. Authorization of bonds.

15
16 **NEW SECTION. Section 70. Codification instruction.** [Sections 1 through 4] are intended to be
17 codified as an integral part of Title 7, chapter 15, part 42, and the provisions of Title 7, chapter 15, part 42, apply
18 to [sections 1 through 4].

19
20 **NEW SECTION. Section 71. Effective date.** [This act] is effective July 1, 2011.

21 - END -