

SENATE BILL NO. 358

INTRODUCED BY E. BUTTREY

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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; REMOVING SCHOOL
8 RETIREMENT AND STATE SCHOOL MILLS FROM THE INCREMENTAL VALUE WITHIN TAX INCREMENT
9 FINANCE PROVISIONS FOR AN AREA OR DISTRICT THAT EXCEEDS 640 ACRES, INCLUDING ADJACENT
10 AREAS OR DISTRICTS; ADDING COMPONENTS THAT MUST BE INCLUDED IN AN URBAN RENEWAL
11 PLAN; REMOVING PROVISIONS FOR CREATION OF AND BONDING IN TECHNOLOGY DISTRICTS,
12 AEROSPACE TRANSPORTATION AND TECHNOLOGY DISTRICTS, AND INDUSTRIAL DISTRICTS;
13 AMENDING SECTIONS ~~7-15-4202, 7-15-4204, 7-15-4206, 7-15-4208, 7-15-4209, 7-15-4210, 7-15-4211,~~
14 ~~7-15-4212, 7-15-4213, 7-15-4215, 7-15-4216, 7-15-4217, 7-15-4218, 7-15-4219, 7-15-4220, 7-15-4221,~~
15 ~~7-15-4231, 7-15-4232, 7-15-4233, 7-15-4234, 7-15-4235, 7-15-4237, 7-15-4239, 7-15-4251, 7-15-4252,~~
16 ~~7-15-4253, 7-15-4254, 7-15-4255, 7-15-4256, 7-15-4257, 7-15-4258, 7-15-4259, 7-15-4260, 7-15-4261,~~
17 ~~7-15-4262, 7-15-4263, 7-15-4264, 7-15-4265, 7-15-4266, 7-15-4267, 7-15-4281, 7-15-4282, 7-15-4283,~~
18 ~~7-15-4284, 7-15-4285, 7-15-4286, 7-15-4287, 7-15-4288, 7-15-4289, 7-15-4290, 7-15-4291, 7-15-4292,~~
19 ~~7-15-4293, 7-15-4294, 7-15-4301, 7-15-4302, 7-15-4304, 7-15-4305, 7-15-4306, 7-15-4322, 7-15-4323, AND~~
20 ~~7-15-4324, AND 7-1-3-1506, MCA; REPEALING SECTIONS 7-15-4295, 7-15-4296, 7-15-4297, 7-15-4298,~~
21 ~~7-15-4299, AND 17-5-820, MCA; AND PROVIDING AN EFFECTIVE DATE."~~

22
23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

27
28 NEW SECTION. Section 2. Legislative findings -- purpose. The legislature finds and declares that:
29 (1) infrastructure-deficient areas exist in the ~~local governments~~ MUNICIPALITIES of the state and constitute
30 a serious impediment to the development of infrastructure-intensive, value-adding economic development in

1 Montana;

2 (2) ~~local governments~~ MUNICIPALITIES lack sufficient capital to rectify the infrastructure shortage in
3 infrastructure-deficient areas, thus impeding ~~the~~ THEIR ~~ability of local governments~~ to achieve economic growth
4 through the development of value-adding industries;

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

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

10

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

15 (2) A targeted economic development district:

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

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

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

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

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

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

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

30 (4) For the purposes of this section:

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

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

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

12 (1) one or more infrastructure-deficient areas exist in the local government MUNICIPALITY; and

13 (2) the infrastructure improvement of the area is necessary for the welfare of the residents of the local
 14 government MUNICIPALITY.

15
 16 ~~Section 5.~~ Section 7-15-4202, MCA, is amended to read:

17 ~~"7-15-4202. Existence of blighted areas and resulting problems -- statement of policy.~~ It is hereby
 18 found and declared The legislature finds that:

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

21 ~~(2) that the existence of such blighted areas:~~

22 ~~(a) contributes substantially and increasingly to the spread of disease and crime and depreciation of~~
 23 ~~property values;~~

24 ~~(b) constitutes an economic and social liability;~~

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

26 ~~(d) retards the provision of housing accommodations;~~

27 ~~(e) aggravates traffic problems; and~~

28 ~~(f) substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic~~
 29 ~~facilities; and~~

30 ~~(3) that the prevention and elimination of such blighted areas is a matter of state policy and state concern~~

1 in order that the state and its municipalities shall local governments do not continue to be endangered by areas
 2 which that are focal centers of disease, promote juvenile delinquency, are conducive to fires, are difficult to police
 3 and to provide police protection for, and, while contributing little to the tax income of the state and its
 4 municipalities local governments, consume an excessive proportion of its revenues because of the extra services
 5 required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities."

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

8 ~~"7-15-4204. Interpretation.~~ (1) The powers conferred by part 43 and this part are for public uses for
 9 which public money may be expended and the power of eminent domain may be exercised as provided in Title
 10 70, chapter 30. The legislature finds and declares that necessity in the public interest exists for the provisions
 11 enacted in part 43 and this part concerning urban renewal.

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

15
 16 ~~Section 7.~~ Section 7-15-4206, MCA, is amended to read:

17 ~~"7-15-4206. Definitions.~~ The following terms, wherever used or referred to in part 43 or this part, have
 18 the following meanings unless a different meaning is clearly indicated by the context:

19 ~~(1) "Agency" or "urban renewal agency" means a public agency created by 7-15-4232.~~
 20 ~~(2) "Blighted area" means an area that is conducive to ill health, transmission of disease, infant mortality,~~
 21 ~~juvenile delinquency, and crime, that substantially impairs or arrests the sound growth of the city local government~~
 22 ~~or its environs, that retards the provision of housing accommodations, or that constitutes an economic or social~~
 23 ~~liability or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present~~
 24 ~~condition and use, by reason of:~~

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

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

30 ~~(c) inappropriate or mixed uses of land or buildings;~~

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

1 ~~———— (11) "Person" means any individual, firm, partnership, corporation, company, association, joint-stock~~
 2 ~~association, or school district and includes any trustee, receiver, assignee, or other person acting in a similar~~
 3 ~~representative capacity.~~

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

6 ~~———— (13) "Public officer" means any officer who is in charge of any department or branch of the government~~
 7 ~~of the municipality local government relating to health, fire, building regulations, or other activities concerning~~
 8 ~~dwelling in the municipality local government.~~

9 ~~———— (14) "Public use" means:~~

10 ~~———— (a) a public use enumerated in 70-30-102; or~~

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

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

15 ~~———— (16) "Redevelopment" may include:~~

16 ~~———— (a) acquisition of a blighted area or portion of the area;~~

17 ~~———— (b) demolition and removal of buildings and improvements;~~

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

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

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

27 ~~———— (i) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or~~
 28 ~~other improvements;~~

29 ~~———— (ii) acquisition of real property and demolition or removal of buildings and improvements on the property~~
 30 ~~when necessary to eliminate unhealthful, unsanitary, or unsafe conditions, to lessen density, to reduce traffic~~

1 hazards, to eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or prevent the
2 spread of blight or deterioration, or to provide land for needed public facilities;

3 ~~—— (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other~~
4 ~~improvements necessary for carrying out in the area the urban renewal provisions of this part; and~~

5 ~~—— (iv) subject to 7-15-4259(4), the disposition of any property acquired in the urban renewal area, including~~
6 ~~sale, initial leasing, or retention by the municipality local government itself, at its fair value for uses in accordance~~
7 ~~with the urban renewal plan.~~

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

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

12 ~~—— (19) "Urban renewal plan" means a plan for one or more urban renewal areas or for an urban renewal~~
13 ~~project. The plan:~~

14 ~~—— (a) must conform to the growth policy if one has been adopted pursuant to Title 76, chapter 1; and~~
15 ~~—— (b) must be sufficiently complete to indicate, on a yearly basis or otherwise:~~

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

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

20 ~~—— (iii) land uses, maximum densities, building requirements; and~~
21 ~~—— (iv) the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic,~~
22 ~~public transportation, public utilities, recreational and community facilities, and other public improvements.~~

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

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

30

1 ~~Section 8.~~ Section 7-15-4208, MCA, is amended to read:

2 ~~"7-15-4208. Encouragement of private enterprise.~~ A municipality local governing body, to the greatest
3 extent it determines to be feasible in carrying out the provisions of part 43 and this part and part 43, shall afford
4 maximum opportunity, consistent with the sound needs of the municipality local government as a whole, to the
5 rehabilitation or redevelopment of the urban renewal area by private enterprise. A municipality local governing
6 body shall give consideration to this objective in exercising its powers under part 43 and this part and part 43,
7 including:

8 ~~(1)~~ the formulation of a workable program;

9 ~~(2)~~ the approval of urban renewal plans (consistent with the comprehensive plan or parts thereof for the
10 municipality) local government's growth policy;

11 ~~(3)~~ the exercise of its zoning powers;

12 ~~(4)~~ the enforcement of other laws, codes, and regulations relating to the use of land and the use and
13 occupancy of buildings and improvements;

14 ~~(5)~~ the disposition of any property acquired; and

15 ~~(6)~~ the provision of necessary public improvements."

16
17 ~~Section 9.~~ Section 7-15-4209, MCA, is amended to read:

18 ~~"7-15-4209. Development of workable urban renewal program.~~ (1) A municipality local governing
19 body, for the purposes of part 43 and this part and part 43, may formulate a workable program for utilizing
20 appropriate private and public resources:

21 ~~(a)~~ to eliminate and prevent the development or spread of blighted areas;

22 ~~(b)~~ to encourage needed urban rehabilitation;

23 ~~(c)~~ to provide for the redevelopment of such the areas; or

24 ~~(d)~~ to undertake such of the aforesaid activities or other feasible municipal activities as may be suitably
25 employed to the necessary activities to achieve the objectives of such the workable program.

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

27 ~~(a)~~ the prevention of the spread of blight into areas of the municipality which local government that are
28 free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards;

29 ~~(b)~~ the rehabilitation of blighted areas or portions thereof of blighted areas by replanning, removing
30 congestion, providing parks, playgrounds, and other public improvements_; by encouraging voluntary

1 rehabilitation, and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and
 2 ~~_____ (c) the clearance and redevelopment of blighted areas or portions thereof of blighted areas."~~

3
 4 ~~_____ **Section 10.** Section 7-15-4210, MCA, is amended to read:~~
 5 ~~_____ **"7-15-4210. Resolution of necessity required to utilize provisions of part.** No municipality shall A~~
 6 ~~local governing body may not exercise any of the powers hereafter conferred upon municipalities provided by part~~
 7 ~~43 and this part and part 43 until after its local governing body shall have it has adopted a resolution finding that:~~

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

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

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

23
 24 ~~_____ **Section 12.** Section 7-15-4212, MCA, is amended to read:~~
 25 ~~_____ **"7-15-4212. Preparation of urban renewal plan.** (1) The municipality local governing body may itself~~
 26 ~~prepare or cause to be prepared an urban renewal plan, or any person or agency, public or private, may submit~~
 27 ~~such a plan to the municipality local governing body.~~

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

30 ~~_____ (3) If the urban renewal plan contains a tax increment financing provision as provided for in 7-15-4282,~~

1 ~~then the plan must also include:~~

2 ~~—— (a) how tax increments will be used to reduce or eliminate blight as identified in the resolution of~~
3 ~~necessity;~~

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

5 ~~—— (c) a description of how the public will be involved in developing projects and programs within the urban~~
6 ~~renewal area."~~

7

8 ~~—— **Section 13.** Section 7-15-4213, MCA, is amended to read:~~

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

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

16

17 ~~—— **Section 14.** Section 7-15-4215, MCA, is amended to read:~~

18 ~~—— **"7-15-4215. Notice of hearing on urban renewal plan.** (1) The notice required by 7-15-4214(1) must~~
19 ~~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~~
20 ~~10 days prior to the date of the hearing, to the persons whose names appear on the county treasurer's tax roll~~
21 ~~as the owners, reputed owners, or purchasers under contracts for deed of the property, at the address shown~~
22 ~~on the tax roll.~~

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

25

26 ~~—— **Section 15.** Section 7-15-4216, MCA, is amended to read:~~

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

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

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

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

6

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

8 ~~———— "**7-15-4217. Criteria for approval of urban renewal project.** Following the hearing required by~~
 9 ~~7-15-4214, the local governing body may, by ordinance, approve an urban renewal project if it finds that:~~

10 ~~———— (1) a workable and feasible plan exists for making available adequate housing for the persons who may~~
 11 ~~be displaced by the project;~~

12 ~~———— (2) the urban renewal plan conforms to the comprehensive plan or parts thereof for the municipality of~~
 13 ~~the plan for the local government as a whole;~~

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

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

18

19 ~~———— **Section 17.** Section 7-15-4218, MCA, is amended to read:~~

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

29

30 ~~———— **Section 18.** Section 7-15-4219, MCA, is amended to read:~~

1 ~~—————"7-15-4219. Effect of approval of urban renewal project.~~ Upon the approval of an urban renewal
 2 project by a municipality, the provisions of the urban renewal plan with respect to the future use and building
 3 requirements applicable to the property covered by said ~~the~~ plan shall be ~~are~~ controlling with respect thereto."

4

5 ~~—————Section 19.~~ Section 7-15-4220, MCA, is amended to read:

6 ~~—————"7-15-4220. Use of neighborhood development program to implement urban renewal activities.~~

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

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

16 ~~—————(3) Such~~ ~~The~~ activities need not be limited to contiguous areas,¹. However, such ~~but the~~ activities shall
 17 ~~must~~ be confined to the areas as outlined in the urban renewal plan as approved by the municipality ~~local~~
 18 ~~government~~ in accordance with this part. The yearly activities shall ~~must~~ constitute a part of the urban renewal
 19 plan, and the municipality ~~local governing body~~ may elect to undertake certain yearly activities and total urban
 20 renewal projects simultaneously.

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

26

27 ~~—————Section 20.~~ Section 7-15-4221, MCA, is amended to read:

28 ~~—————"7-15-4221. Modification of urban renewal project plan.~~ (1) An urban renewal project plan may be
 29 modified at any time by the local governing body. If modified after the lease or sale by the municipality ~~local~~
 30 ~~government~~ of real property in the urban renewal project area, the modification is subject to any rights at law or

1 in equity that a lessee or purchaser or the lessee's or purchaser's successor or successors in interest may be
2 entitled to assert.

3 ~~—— (2) An urban renewal plan may be modified by ordinance or resolution.~~

4 ~~—— (3) All urban renewal plans approved or modified by resolution prior to May 8, 1979, are validated.~~

5 ~~—— (4) A plan may be modified by:~~

6 ~~—— (a) the procedure set forth in 7-15-4212 through 7-15-4219 with respect to adoption of an urban renewal
7 plan;~~

8 ~~—— (b) the procedure set forth in the plan."~~

9

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

11 ~~—— "**7-15-4231. Exercise of powers related to urban renewal.** A municipality local governing body may
12 itself exercise its the urban renewal project powers as herein defined provided in part 43 and this part or may,
13 if the local governing body by resolution determines such the action to be in the public interest, elect to have such
14 the powers exercised by the urban renewal agency created by 7-15-4232 or a department or other officers of the
15 municipality local government as they are authorized to exercise under this part and part 43."~~

16

17 ~~—— **Section 22.** Section 7-15-4232, MCA, is amended to read:~~

18 ~~—— "**7-15-4232. Authorization to assign urban renewal powers to municipal local government**
19 **departments or to create urban renewal agency.** When a municipality local governing body has made the
20 finding prescribed in 7-15-4210 and has elected to have the urban renewal project powers exercised as specified
21 in 7-15-4233:~~

22 ~~—— (1) such the urban renewal project powers may be assigned to a department or other officers of the
23 municipality local government or to any existing public body corporate; or~~

24 ~~—— (2) the legislative body of a city local governing body may create an urban renewal agency in such
25 municipality local government, to be known as a public body corporate, to which such the powers may be
26 assigned."~~

27

28 ~~—— **Section 23.** Section 7-15-4233, MCA, is amended to read:~~

29 ~~—— "**7-15-4233. Powers which may be exercised by urban renewal agency or authorized department.**~~

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

1 authorize the ~~an urban renewal agency or department or other officers of the municipality~~ local government to
 2 exercise any of the following urban renewal project powers:

3 ~~—— (a) to formulate and coordinate a workable program as specified in 7-15-4209;~~
 4 ~~—— (b) to prepare urban renewal plans;~~
 5 ~~—— (c) to prepare recommended modifications to an urban renewal project plan;~~
 6 ~~—— (d) to undertake and carry out urban renewal projects as required by the local governing body;~~
 7 ~~—— (e) to make and execute contracts as specified in 7-15-4251, 7-15-4254, 7-15-4255, and 7-15-4281, with~~
 8 ~~the exception of contracts for the purchase or sale of real or personal property;~~
 9 ~~—— (f) to disseminate blight clearance and urban renewal information;~~
 10 ~~—— (g) to exercise the powers prescribed by 7-15-4255, except that the power to agree to conditions for~~
 11 ~~federal financial assistance and imposed pursuant to federal law relating to salaries and wages shall be is~~
 12 ~~reserved to the local governing body;~~
 13 ~~—— (h) to enter any building or property in any urban renewal area in order to make surveys and appraisals~~
 14 ~~in the manner specified in 7-15-4257;~~
 15 ~~—— (i) to improve, clear, or prepare for redevelopment any real or personal property in an urban renewal~~
 16 ~~area;~~
 17 ~~—— (j) to insure real or personal property as provided in 7-15-4258;~~
 18 ~~—— (k) to effectuate the plans provided for in 7-15-4254;~~
 19 ~~—— (l) to prepare plans for the relocation of families displaced from an urban renewal area and to coordinate~~
 20 ~~public and private agencies in such the relocation;~~
 21 ~~—— (m) to prepare plans for carrying out a program of voluntary or compulsory repair and rehabilitation of~~
 22 ~~buildings and improvements;~~
 23 ~~—— (n) to conduct appraisals, title searches, surveys, studies, and other preliminary plans and work~~
 24 ~~necessary to prepare for the undertaking of urban renewal projects;~~
 25 ~~—— (o) to negotiate for the acquisition of land;~~
 26 ~~—— (p) to study the closing, vacating, planning, or replanning of streets, roads, sidewalks, ways, or other~~
 27 ~~places and to make recommendations with respect thereto to those areas;~~
 28 ~~—— (q) to organize, coordinate, and direct the administration of the provisions of this part and part 43; and~~
 29 ~~—— (r) to perform such the duties as that the local governing body may direct so as in order to make the~~
 30 ~~necessary arrangements for the exercise of the powers and performance of the duties and responsibilities~~

1 entrusted to the local governing body:

2 ~~——— (2) Any powers granted in part 43 or this part or part 43 that are not included in subsection (1) as powers~~
 3 ~~of the urban renewal agency or a department or other officers of a municipality in lieu thereof local government~~
 4 ~~may only be exercised by the local governing body or other officers, boards, and commissions as provided under~~
 5 ~~existing law."~~

6
 7 ~~——— **Section 24.** Section 7-15-4234, MCA, is amended to read:~~

8 ~~——— **"7-15-4234. Urban renewal agency to be administered by appointed board of commissioners.** (1)~~
 9 ~~If the urban renewal agency is authorized to transact business and exercise powers under this part, the mayor,~~
 10 ~~by and with the advice and consent of the local governing body, shall appoint a board of commissioners of the~~
 11 ~~urban renewal agency consisting of five commissioners.~~

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

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

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

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

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

22
 23 ~~——— **Section 25.** Section 7-15-4235, MCA, is amended to read:~~

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

28
 29 ~~——— **Section 26.** Section 7-15-4237, MCA, is amended to read:~~

30 ~~——— **"7-15-4237. Annual report.** (1) An agency authorized to transact business and exercise powers under~~

1 ~~part 43 and this part and part 43 shall file with the local governing body, on or before September 30 of each year,~~
 2 ~~a report of its activities for the preceding fiscal year.~~

3 ~~———(2) The report shall must include a complete financial statement setting forth its the agency's assets,~~
 4 ~~liabilities, income, and operating expenses as of the end of the fiscal year.~~

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

9

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

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

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

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

26

27 ~~———**Section 28.** Section 7-15-4251, MCA, is amended to read:~~

28 ~~———"7-15-4251. **General powers of municipalities local governing bodies in connection with urban**~~
 29 ~~**renewal.** Every municipality shall have all A local governing body has the power that is necessary or convenient~~
 30 ~~to:~~

- 1 ——— (1) to carry out and effectuate the purposes and provisions of part 43 and this part and part 43;
- 2 ——— (2) to undertake and carry out urban renewal projects within the municipality local government, to make
3 and execute contracts and other instruments necessary or convenient to the exercise of its powers under part
4 43 and this part and part 43, and to disseminate blight clearance and urban renewal information;
- 5 ——— (3) to organize, coordinate, and direct, within the municipality local government, the administration of the
6 provisions of part 43 and this part and part 43 as they apply to such municipality in order the local government
7 so that the objective of remedying blighted areas and preventing the causes thereof within such municipality of
8 blight within the local government may be most effectively promoted and achieved and to establish such the new
9 office or offices of the municipality local government or to reorganize existing offices in order to carry out such
10 the purpose most effectively;
- 11 ——— (4) to exercise all or any part or combination of powers granted in part 43 and this part or part 43."

12

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

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

18

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

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

25

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

27 ——— **"7-15-4254. Municipal Local governing body power in the preparation of various plans.** (1) Every
28 municipality shall have power, within the municipality A local governing body has the power to;
29 ——— (a) to make or have made all plans necessary to the carrying carry out of the purposes of this part and
30 to contract with any person, public or private, in making and carrying out such the plans; and

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

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

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

4 ~~_____ (b) urban renewal plans;~~

5 ~~_____ (c) plans for carrying out a program of voluntary or compulsory repair and rehabilitation of buildings and~~
6 ~~improvements;~~

7 ~~_____ (d) plans for the enforcement of state and local laws, codes, and regulations relating to the use of land~~
8 ~~and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation,~~
9 ~~demolition, or removal of buildings and improvements; and~~

10 ~~_____ (e) appraisals, title searches, surveys, studies, and other preliminary plans and work necessary to~~
11 ~~prepare for the undertaking of urban renewal projects."~~

12

13 ~~_____ **Section 32.** Section 7-15-4255, MCA, is amended to read:~~

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

16 ~~_____ (a) provide or arrange or contract for the furnishing or repair by any person or agency, public or private,~~
17 ~~of services, privileges, works, streets, or roads in connection with an urban renewal project; and~~

18 ~~_____ (b) install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public~~
19 ~~improvements.~~

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

26

27 ~~_____ **Section 33.** Section 7-15-4256, MCA, is amended to read:~~

28 ~~_____ **"7-15-4256. Restriction on operation of certain utility services by municipality local government.**~~

29 ~~Nothing in part 43 or this part or part 43 shall may be construed to authorize any municipality local governing body~~
30 ~~to construct or operate, as a part of any urban renewal project, any electric generation plant, electric transmission~~

1 or distribution lines, or other public utility facilities, excepting waterlines and sewerlines then operated by
 2 municipalities local governing bodies."

3

4 ~~Section 34.~~ Section 7-15-4257, MCA, is amended to read:

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

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

11

12 ~~Section 35.~~ Section 7-15-4258, MCA, is amended to read:

13 ~~"7-15-4258. Acquisition and administration of real and personal property.~~ (1) A municipality local
 14 governing body may:

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

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

19 ~~(c) dispose of real or personal property;~~

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

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

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

30 ~~(3) Except as provided in 7-15-4204(2), 7-15-4206, and 7-15-4259, statutory provisions with respect to~~

1 the acquisition, clearance, or disposition of property by public bodies may not restrict a municipality local
 2 governing body in the exercise of functions with respect to an urban renewal project.

3 ~~———— (4) A municipality local governing body may not acquire real property for an urban renewal project or~~
 4 ~~enter into a development agreement, as provided in subsection (1)(e), unless the local governing body has~~
 5 ~~approved the urban renewal project plan in accordance with 7-15-4216(2) and 7-15-4217."~~

6
 7 ~~———— **Section 36.** Section 7-15-4259, MCA, is amended to read:~~

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

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

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

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

24
 25 ~~———— **Section 37.** Section 7-15-4260, MCA, is amended to read:~~

26 ~~———— "**7-15-4260. Exemption from levy and sale for certain property.** All (1) Subject to subsection (2):~~

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

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

1 ~~_____ (c) a judgment against a local government may not be a charge or lien upon such the property;~~
 2 ~~_____ (2); provided, however, that the The provisions of this section shall do not apply to or limit the right of~~
 3 ~~obligees to pursue any remedies for the enforcement of any pledge or lien given pursuant to part 43 or this part~~
 4 ~~or part 43 by a municipality local government on an urban renewal project or the rents, fees, grants, or revenues~~
 5 ~~derived from these projects."~~

6
 7 ~~_____ **Section 38.** Section 7-15-4261, MCA, is amended to read:~~
 8 ~~_____ **"7-15-4261. Exemption from taxation for certain property.** (1) The property of a municipality local~~
 9 ~~government acquired or held for the purposes of this part is declared to be public property used for essential~~
 10 ~~public and governmental purposes, and such the property shall must be exempt from all taxes of the municipality,~~
 11 ~~the county, local government, the state, or any political subdivision thereof of the state.~~

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

16
 17 ~~_____ **Section 39.** Section 7-15-4262, MCA, is amended to read:~~
 18 ~~_____ **"7-15-4262. Disposal of municipal local government property in urban renewal areas.** (1) A~~
 19 ~~municipality local governing body may:~~

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

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

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

30 ~~_____ (3) Except as provided in subsection (5), the real property or interest must be sold, leased, otherwise~~

1 transferred, or retained at not less than its fair value for uses in accordance with the urban renewal plan. In
 2 determining the fair value of real property for uses in accordance with the urban renewal plan, a municipality local
 3 governing body shall take into account and give consideration to the:

4 _____ (a) uses provided in the plan;

5 _____ (b) restrictions upon and the covenants, conditions, and obligations assumed by the purchaser or lessee
 6 or by the municipality local government retaining the property; and

7 _____ (c) objectives of the plan for the prevention of the recurrence of blighted areas:

8 _____ (4) Real property acquired by a municipality local government which, in accordance with the provisions
 9 of the urban renewal plan, is to be transferred must be transferred as rapidly as feasible, in the public interest,
 10 consistent with the carrying out of the provisions of the urban renewal plan:

11 _____ (5) A transfer under this section may include a donation of the land or a sale of the land at a reduced
 12 price to a corporation for the purpose of constructing:

13 _____ (a) a multifamily housing development operated by the corporation for low-income housing;

14 _____ (b) single-family houses. Upon completion of a house, the corporation shall sell the property to a
 15 low-income person who meets the eligibility requirements of the corporation. Once the sale is completed, the
 16 property becomes subject to taxation:

17 _____ (c) improvements to real property or modifying, altering, or repairing improvements to real property that
 18 will enable the corporation, subject to the restrictions of Article X, section 6, of the Montana constitution, to pursue
 19 purposes specified in the articles of incorporation of the corporation, including the sale, lease, rental, or other use
 20 of the donated land and improvements:

21 _____ (6) Land that is transferred pursuant to subsection (5) must be used to permanently provide low-income
 22 housing. The transfer of the property may contain a reversionary clause to reflect this condition."

23

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

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

28 _____ (2) (a) A municipality local governing body shall by public notice invite proposals from and make available
 29 all pertinent information to private redevelopers or any persons interested in undertaking to redevelop or
 30 rehabilitate an urban renewal area or any part of an urban renewal area:

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

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

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

12

13 ~~_____ **Section 41.** Section 7-15-4264, MCA, is amended to read:~~

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

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

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

29

30 ~~_____ **Section 42.** Section 7-15-4265, MCA, is amended to read:~~

1 ~~—————"7-15-4265. Presumption of regularity in transfer of title.~~ Any instrument executed by a municipality
 2 ~~local governing body~~ and purporting to convey any right, title, or interest in any property under ~~part 43 or this part~~
 3 or part 43 shall must be conclusively presumed to have been executed in compliance with the provisions of ~~part~~
 4 ~~43 and this part and part 43 insofar as with regard to title or other interest of any bona fide purchasers, lessees,~~
 5 or transferees of such the property is concerned."
 6

7 ~~—————Section 43.~~ Section 7-15-4266, MCA, is amended to read:

8 ~~—————"7-15-4266. Temporary use of municipal local government property in urban renewal area.~~ A
 9 municipality ~~local governing body~~ may operate and maintain real property acquired in an urban renewal area
 10 pending the disposition of the property for redevelopment, without regard to the provisions of 7-15-4262 and
 11 7-15-4264, for such uses and purposes as may be deemed that the local governing body considers to be
 12 desirable even though not in conformity with the urban renewal plan. The municipality ~~local governing body~~ may,
 13 after a public hearing, extend the time for a period not to exceed 3 years."
 14

15 ~~—————Section 44.~~ Section 7-15-4267, MCA, is amended to read:

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

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

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

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

26 ~~—————(d) lend, grant, or contribute funds to a municipality local government;~~

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

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

4 ~~_____ (g) furnish, dedicate, close, vacate, pave, install, grade, regrade, plan, or replan streets, roads,~~
 5 ~~sidewalks, ways, or other places;~~

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

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

9 ~~_____ (2) Any sale, conveyance, lease, or agreement provided for in this section shall must be made by a~~
 10 ~~public body with appraisal, public notice, advertisement, or public bidding in accordance with provisions of~~
 11 ~~7-15-4263."~~

12

13 ~~_____ **Section 45.** Section 7-15-4281, MCA, is amended to read:~~

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

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

19 ~~_____ (i) the federal government;~~

20 ~~_____ (ii) the state, a county, or any other public body; or~~

21 ~~_____ (iii) any public or private sources, public or private;~~

22 ~~_____ (b) (i) appropriate funds and make expenditures as may be necessary to carry out the purposes of this~~
 23 ~~part; and~~

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

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

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

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

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

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

10

11 **Section 5.** Section 7-15-4282, MCA, is amended to read:

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

18

19 **Section 6.** Section 7-15-4283, MCA, is amended to read:

20 **"7-15-4283. Definitions related to tax increment financing.** For purposes of 7-15-4282 through
 21 ~~7-15-4299 7-15-4294 AND [SECTIONS 1 THROUGH 4]~~, the following definitions apply unless otherwise provided or
 22 indicated by the context:

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

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

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

30 ~~_____ (4)(2) "Base taxable value" means the actual taxable value of all taxable property within an urban~~

1 renewal area, industrial district, technology district, or aerospace transportation and technology district or targeted
 2 economic development district as it appears on the property tax record prior to the effective date of a tax
 3 increment financing provision. This value may be adjusted as provided in 7-15-4287 or 7-15-4293.

4 ~~(5)(3)~~ "Incremental taxable value" means the amount, if any, by which the actual taxable value at any
 5 time exceeds the base taxable value of all taxable property within an urban renewal area, industrial district,
 6 technology district, or aerospace transportation and technology district subject to taxation or targeted economic
 7 development district.

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

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

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

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

16 ~~————(b)~~ a technology district operating pursuant to 7-15-4282 through 7-15-4294 and Title 7, chapter 15, part
 17 43; or

18 ~~————(c)~~ an aerospace transportation and technology district operating pursuant to 7-15-4282 through
 19 7-15-4294 and Title 7, chapter 15, part 43.

20 (4) "MUNICIPALITY", FOR THE PURPOSES OF A TARGETED ECONOMIC DEVELOPMENT DISTRICT, MEANS ANY
 21 INCORPORATED CITY OR TOWN, A COUNTY, OR A CITY-COUNTY CONSOLIDATED LOCAL GOVERNMENT.

22 ~~(9)(4)(5)~~ "Targeted economic development district" means a district created pursuant to [sections 1
 23 through 4].

24 ~~(5)(6)~~ "Tax increment" means the collections realized from extending the tax levies, expressed in mills,
 25 of all taxing bodies in which the urban renewal area, industrial district, technology district, aerospace
 26 transportation and technology or targeted economic development district, or a part of an area or district is located
 27 against the incremental taxable value.

28 ~~(10)(6)(7)~~ "Tax increment provision" means a provision for the segregation and application of tax
 29 increments as authorized by 7-15-4282 through ~~7-15-4299~~ 7-15-4294.

30 ~~(11)(7)(8)~~ "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.

1 ~~(12)(8)(9)~~ "Taxing body" means any incorporated city or town, county, city-county consolidated local
 2 government, school district, or other political subdivision or governmental unit of the state, including the state, that
 3 levies taxes against property within the urban renewal area, ~~industrial district, technology district, or an aerospace~~
 4 ~~transportation and technology~~ or targeted economic development district.

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

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

8

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

10 **"7-15-4284. Filing of tax increment provisions plan or district ordinance.** (1) The clerk of the
 11 ~~municipality local government~~ MUNICIPALITY shall ~~file~~ provide a certified copy of ~~the ordinance creating~~ each urban
 12 renewal plan, ~~industrial district ordinance, technology district ordinance, or aerospace transportation and~~
 13 ~~technology district ordinance~~ or or targeted economic development district comprehensive development plan and
 14 an amendment to ~~any of them~~ either of the plans containing a tax increment provision ~~with~~ to the department of
 15 revenue.

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

18

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

20 ~~**"7-15-4285. Determination and report of original, actual, and incremental taxable values.**~~ The
 21 department of revenue shall, upon receipt of a qualified tax increment provision and each succeeding year,
 22 calculate and report to the municipality local governing body and to any other affected taxing body in accordance
 23 with Title 15, chapter 10, part 2, the base, actual, and incremental taxable values of the property."

24

25 **Section 8.** Section 7-15-4286, MCA, is amended to read:

26 **"7-15-4286. Procedure to determine and disburse tax increment.** (1) Mill rates of taxing bodies for
 27 taxes levied after the effective date of the tax increment provision must be calculated on the basis of the sum of
 28 the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the
 29 urban renewal area, ~~industrial district, technology district, or aerospace transportation and technology~~ or targeted
 30 economic development district and the base taxable value of all taxable property located within the area or district.

1 The mill rate determined must be levied against the sum of the actual taxable value of all taxable property located
2 within as well as outside the area or district.

3 (2) (a) The tax increment, if any, received in each year from the levy of the combined mill rates of all the
4 affected taxing bodies ~~AS SPECIFIED IN SUBSECTION (2)(B)~~ against the incremental taxable value within the area or
5 district, ~~except for the university system mills levied and assessed against property, EXCEPT FOR THE UNIVERSITY~~
6 ~~SYSTEM MILLS LEVIED AND ASSESSED AGAINST PROPERTY~~, must be paid into a special fund held by the treasurer of
7 the municipality ~~local government~~ MUNICIPALITY and used as provided in 7-15-4282 through ~~7-15-4299~~ 7-15-4294.

8 ~~(B) IF THE SIZE OF THE AREA OR DISTRICT IS LESS THAN 640 ACRES, THE TAX INCREMENT DOES NOT INCLUDE~~
9 ~~UNIVERSITY SYSTEM MILLS ASSESSED AGAINST THE PROPERTY. IF THE SIZE OF THE AREA OR DISTRICT IS 640 ACRES OR~~
10 ~~GREATER OR IF THE ACREAGE OF OTHER AREAS OR DISTRICTS WITHIN 5 MILES OF THE BOUNDARY OF THE AREA OR~~
11 ~~DISTRICT WHEN ADDED TO THE NUMBER OF ACRES IN THE AREA OR DISTRICT EQUALS OR EXCEEDS 640 ACRES, THE TAX~~
12 ~~INCREMENT DOES NOT INCLUDE UNIVERSITY SYSTEM MILLS OR SCHOOL MILLS LEVIED UNDER 20-9-331, 20-9-333, AND~~
13 ~~20-9-360.~~

14 ~~(b)(c)(B)~~ (b) The balance of the taxes collected in each year must be paid to each of the taxing bodies as
15 otherwise provided by law."
16

17 ~~Section 51.~~ Section 7-15-4287, MCA, is amended to read:

18 ~~"7-15-4287. Provision for use of portion of tax increment. (1) At the time of the adoption of a tax~~
19 ~~increment provision or at any later time subsequent thereto, the local governing body of the municipality may~~
20 ~~provide that a portion of the tax increment from the incremental taxable value shall must be released from~~
21 ~~segregation by an adjustment of the base taxable value, provided that if:~~

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

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

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

28 ~~(3) Thereafter After an adjustment has been made, the adjusted base value is used in determining the~~
29 ~~mill rates of affected taxing bodies unless the tax increment resulting from the adjustment is determined by the~~
30 ~~local governing body to be insufficient for this purpose. In this that case, the local governing body must shall~~

1 ~~reduce the base value to the amount originally determined or to a higher amount necessary to provide tax~~
 2 ~~increments of tax increment that the governing body has determined to be sufficient to pay all principal and~~
 3 ~~interest due on the bonds."~~

4

5 **Section 9.** Section 7-15-4288, MCA, is amended to read:

6 **"7-15-4288. Costs that may be paid by tax increment financing.** The tax increments may be used
 7 by the ~~municipality local governing body~~ MUNICIPALITY to pay the following costs of or incurred in connection with
 8 an urban renewal project, ~~industrial infrastructure development project, technology infrastructure development~~
 9 ~~project, or aerospace transportation and technology infrastructure development project~~ area or targeted economic
 10 development district as identified in the urban renewal plan or targeted economic development district
 11 comprehensive development plan:

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

1 an urban renewal project in an urban renewal area, the infrastructure needs of secondary, value-adding industries
 2 in the industrial district, the needs of a technology infrastructure development project in the technology district,
 3 or the needs of an aerospace transportation and technology infrastructure development project in the aerospace
 4 transportation and technology the urban renewal area or targeted economic development district;

5 (10) the connection of the urban renewal area, industrial district, technology district, or aerospace
 6 transportation and technology or targeted economic development district to existing infrastructure outside the area
 7 or district;

8 (11) the provision of direct assistance, ~~through industrial infrastructure development projects, technology~~
 9 ~~infrastructure development projects, or aerospace transportation and technology infrastructure development~~
 10 ~~projects~~, to secondary, value-adding industries to assist in meeting their infrastructure and land needs within the
 11 area or district; and

12 (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,
 13 abating, or eliminating pollution."
 14

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

16 ~~"7-15-4289. Use of tax increments for bond payments.~~ The tax increment may be pledged to the
 17 payment of the principal of premiums, if any, and interest on bonds which the municipality that the local governing
 18 body may issue for the purpose of providing funds to pay such the costs."
 19

20 **Section 10.** Section 7-15-4290, MCA, is amended to read:

21 **"7-15-4290. Use of property taxes and other revenue for payment of bonds.** (1) (a) The tax
 22 increment derived from an urban renewal area may be pledged for the payment of revenue bonds issued for
 23 urban renewal projects or of general obligation bonds, revenue bonds, or special assessment bonds issued to
 24 pay urban renewal costs described in 7-15-4288 and 7-15-4289.

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

29 ~~(c) The tax increment derived from a technology district may be pledged for the payment of revenue~~
 30 ~~bonds issued for technology infrastructure development projects or of general obligation bonds, revenue bonds,~~

1 ~~or special assessment bonds issued to pay technology district costs described in 7-15-4288 and 7-15-4289.~~

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

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

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

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

18

19 ~~———Section 55. Section 7-15-4291, MCA, is amended to read:~~

20 ~~———"7-15-4291. Agreements to remit unused portion of tax increments. The municipality local governing~~
 21 ~~body may also enter into agreements with the other affected taxing bodies to remit to such the other taxing bodies~~
 22 ~~any portion of the annual tax increment not currently required for the payment of the costs listed in 7-15-4288 or~~
 23 ~~pledged to the payment of the principal of premiums, if any, and interest on the bonds referred to in 7-15-4289."~~

24

25 **Section 11.** Section 7-15-4292, MCA, is amended to read:

26 **"7-15-4292. Termination of tax increment financing -- exception.** (1) The tax increment provision
 27 contained in an urban renewal plan or a targeted economic development district comprehensive development
 28 plan terminates upon the later of:

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

30 (b) the payment or provision for payment in full or discharge of all bonds for which the tax increment has

1 been pledged and the interest on the bonds.

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

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

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

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

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

14 (3) After termination of the tax increment provision, all taxes must be levied upon the actual taxable value
15 of the taxable property in the urban renewal area, ~~the industrial district, the technology district, or the aerospace~~
16 ~~transportation and technology~~ or the targeted economic development district and must be paid to each of the
17 taxing bodies as provided by law.

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

23

24 **Section 12.** Section 7-15-4293, MCA, is amended to read:

25 **"7-15-4293. Adjustment of base taxable value following change of law or local disaster.** (1) If the
26 base taxable value of an urban renewal area, ~~an industrial district, a technology district, or an aerospace~~
27 ~~transportation and technology~~ or targeted economic development district is affected after its original determination
28 by a statutory, administrative, or judicial change in the method of appraising property, the tax rate applied to it,
29 the tax exemption status of property, or the taxable valuation of property if the change in taxable valuation is
30 based on conditions existing at the time the base year was established, the local governing body ~~of the~~

1 municipality may request the department of revenue to estimate the base taxable value so that the tax increment
 2 resulting from the increased incremental value is sufficient to pay all principal and interest on the bonds as those
 3 payments become due.

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

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

16 (b) The taxable value removed from the base taxable value of the area or district under subsection (3)(a)
 17 must be added to the base taxable value of the area or district upon reconstruction of the property in the tax year
 18 of reconstruction. If reconstruction of the property is only partially completed as of January 1 of the tax year, the
 19 department of revenue shall determine the base taxable value of the property for that tax year by multiplying the
 20 percentage of completion, expressed as a decimal equivalent, of reconstruction of the property by the original
 21 base taxable value of the property. The addition to the base taxable value under this subsection (3)(b) is limited
 22 to the amount of the original base taxable value of each parcel before the disaster occurred."
 23

24 **Section 13.** Section 7-15-4294, MCA, is amended to read:

25 **"7-15-4294. Assessment agreements.** (1) A ~~municipality~~ ~~local governing body~~ MUNICIPALITY may enter
 26 into a written agreement with any private person:

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

29 (b) requiring the individual to pay an annual tax deficiency fee whenever the property that is the subject
 30 of the agreement is valued by the department of revenue for property tax purposes at a market value that is less

1 than the value established by the agreement. The amount of the deficiency fee may not exceed the difference
 2 between the property taxes that would have been imposed on the property based on the minimum value of the
 3 property expressed in the agreement and the property taxes that are imposed on the property based on the
 4 market value established by the department of revenue.

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

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

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

14 (5) An agreement made pursuant to subsection (1) may be modified or terminated by mutual consent
 15 of the current parties to the agreement. Modification or termination of an agreement must be approved by the
 16 ~~local governing body of the municipality~~ OF THE MUNICIPALITY. A document modifying or terminating an agreement
 17 must be filed in the office of the county clerk and recorder in each county in which the property or any part of the
 18 property is located.

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

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

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

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

25 (7) This section does not limit a ~~municipality's local governing body's~~ MUNICIPALITY'S authority to enter
 26 into contracts other than tax deficiency agreements as described in this section."
 27

28 **Section 14.** Section 7-15-4301, MCA, is amended to read:

29 **"7-15-4301. Authorization to issue urban renewal bonds, ~~industrial infrastructure development~~**
 30 **~~bonds, technology infrastructure development bonds, aerospace transportation and technology~~**

1 ~~infrastructure development targeted economic development bonds, and refunding bonds.~~ (1) A
 2 municipality ~~local government~~ MUNICIPALITY may:

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

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

9 (2) Except as provided in 7-15-4302, bonds may not pledge the general credit of the ~~municipality local~~
 10 ~~government~~ MUNICIPALITY and must be made payable, as to both principal and interest, solely from the income,
 11 proceeds, revenue, and funds of the ~~municipality local government~~ MUNICIPALITY derived from or held in
 12 connection with its undertaking and carrying out of urban renewal projects, ~~industrial infrastructure development~~
 13 ~~projects, technology infrastructure development project, or aerospace transportation and technology infrastructure~~
 14 ~~development~~ or targeted economic development district projects under Title 7, chapter 15, part 42, and this part,
 15 including the tax increment received and pledged by the ~~municipality local government~~ MUNICIPALITY pursuant to
 16 7-15-4282 through ~~7-15-4299~~ 7-15-4294, and, if the income, proceeds, revenue, and funds of the ~~municipality~~
 17 ~~local government~~ MUNICIPALITY are insufficient for the payment, from other revenue of the ~~municipality local~~
 18 ~~government~~ MUNICIPALITY pledged to the payment. Payment of the bonds, both as to principal and interest, may
 19 be further secured by a pledge of any loan, grant, or contribution from the federal government or other source
 20 in aid of any urban renewal projects, ~~industrial infrastructure development projects, technology infrastructure~~
 21 ~~development project, or aerospace transportation and technology infrastructure development~~ or targeted
 22 economic development district projects of the ~~municipality local government~~ MUNICIPALITY under Title 7, chapter
 23 15, part 42, and this part or by a mortgage on all or part of any projects.

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

26 (4) If applicable, the ~~local~~ governing body of the ~~municipality~~ OF THE MUNICIPALITY shall specify whether
 27 the bonds are tax credit bonds as provided in 17-5-117, recovery zone economic development bonds or recovery
 28 zone facility bonds as provided in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141."
 29

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

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

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

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

19 (4) If applicable, the ~~municipality~~ local governing body MUNICIPALITY shall specify whether the bonds are
 20 tax credit bonds as provided in 17-5-117, recovery zone economic development bonds or recovery zone facility
 21 bonds as provided in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141."
 22

23 **Section 16.** Section 7-15-4304, MCA, is amended to read:

24 **"7-15-4304. Presumption of regularity of bond issuance.** In a suit, action, or proceeding involving the
 25 validity or enforceability of or security for any bond issued under Title 7, chapter 15, part 42, and this part, a bond
 26 reciting in substance that it has been issued by the ~~municipality~~ local government MUNICIPALITY in connection with
 27 an urban renewal project,~~industrial infrastructure development project, technology infrastructure development~~
 28 ~~project, or aerospace transportation and technology infrastructure development~~ or targeted economic
 29 development district project is conclusively considered to have been issued for that purpose and the project is
 30 conclusively considered to have been planned, located, and carried out in accordance with the provisions of Title

1 7, chapter 15, part 42, and this part."

2

3 ~~Section 62.~~ Section 7-15-4305, MCA, is amended to read:

4 ~~"7-15-4305. Validity and sufficiency of signatures on bonds.~~ In case ~~if~~ any of the public officials of
5 the municipality local government whose signatures appear on any bonds or coupons issued under part 42 and
6 this part and part 42 shall cease to be such officials of the local government before the delivery of such the bonds,
7 such signatures shall, nevertheless, the signatures must be considered to be valid and sufficient for all purposes
8 the same as if such the officials had remained in office until such the delivery."

9

10 ~~Section 63.~~ Section 7-15-4306, MCA, is amended to read:

11 ~~"7-15-4306. Bonds as legal investments.~~ (1) All banks, trust companies, bankers, savings banks and
12 institutions, building and loan associations, savings and loan associations, investment companies, and other
13 persons carrying on a banking or investment business; all insurance companies, insurance associations, and
14 other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other
15 fiduciaries may legally invest any sinking funds, money, or other funds belonging to them or within their control
16 in any bonds or other obligations issued by a municipality local government pursuant to part 42 and this part and
17 part 42, provided that such if:

18 ~~(a) the bonds and other obligations shall be are~~ secured by an agreement between the issuer and the
19 federal government in which the issuer agrees to borrow from the federal government and the federal government
20 agrees to lend to the issuer, prior to the maturity of such the bonds or other obligations, money in an amount
21 which ~~(that, together with any other money irrevocably committed to the payment of interest on such the bonds~~
22 ~~or other obligations), will suffice to pay the principal of such the bonds or other obligations with interest to maturity;~~
23 and

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

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

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

1
 2 ~~Section 64.~~ Section 7-15-4322, MCA, is amended to read:
 3 ~~"7-15-4322. Details relating to urban renewal bonds.~~ (1) Bonds issued under 7-15-4301 may be
 4 issued in one or more series and must bear a date or dates, be payable upon demand or mature at a time or
 5 times, bear interest as provided in 17-5-102, be in denomination or denominations, be in form (either coupon or
 6 registered), carry conversion or registration privileges, have rank or priority, be executed in a manner, be payable
 7 in a medium of payment at a place or places, be subject to terms of redemption (with or without premium), be
 8 secured in a manner, and have other characteristics as may be provided by the resolution, ordinance, or trust
 9 indenture or a mortgage authorized pursuant to the resolution, ordinance, or trust indenture.

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

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

16
 17 ~~Section 65.~~ Section 7-15-4323, MCA, is amended to read:
 18 ~~"7-15-4323. Redemption of urban renewal bonds.~~ Every municipality shall have A local governing
 19 body has the power to redeem such bonds as that have been issued pursuant to 7-15-4301 at the established
 20 redemption price established therein or to purchase such the bonds at less than redemption price. All such bonds
 21 so redeemed or purchased shall as provided in this section must be canceled."

22
 23 **Section 17.** Section 7-15-4324, MCA, is amended to read:
 24 **"7-15-4324. Special bond provisions when tax increment financing is involved.** (1) Bonds issued
 25 under this part for which a tax increment is pledged pursuant to 7-15-4282 through ~~7-15-4299~~ 7-15-4294 must
 26 be designed to mature not later than 25 years from their date of issue and must mature in years and amounts
 27 so that the principal and interest due on the bonds in each year may not exceed the estimated tax increment,
 28 payments in lieu of taxes or other amounts agreed to be paid by the property owners in a district, and other
 29 estimated revenue, including proceeds of the bonds available for payment of interest on the bonds, pledged to
 30 their payment to be received in that year.

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

7
 8 ~~Section 67.~~ Section 71-3-1506, MCA, is amended to read:
 9 ~~"71-3-1506. Tax deficiency lien.~~ A municipality ~~local government~~ has a lien for tax deficiency payments
 10 as described in a properly filed agreement for tax deficiency payment pursuant to 7-15-4294. The lien has the
 11 same priority as a lien for general property taxes. ~~Lien proceeds must be disbursed pursuant to 7-15-4286(2)."~~

12
 13 NEW SECTION. **Section 18. Existing technology districts, aerospace transportation and**
 14 **technology districts, and industrial districts.** Technology districts, aerospace transportation and technology
 15 districts, and industrial districts established under Title 7, chapter 15, part 42, prior to ~~January 1, 2007~~, that are
 16 ~~in existence on June 30, 2014~~, [THE EFFECTIVE DATE OF THIS ACT] may continue to operate and issue bonds under
 17 laws governing the districts and financial operations of the districts as those laws read on December 31, 2010,
 18 except that the ~~local governing body~~ MUNICIPALITY may not amend the plan or boundaries of the district or expand
 19 in any manner the projects contained in the plan without providing notice of the changes to the director of the
 20 department of revenue or the director's designee and receiving approval of the department for the plan or
 21 boundary changes. A technology district, an aerospace transportation and technology district, or an industrial
 22 district may be terminated and a targeted economic development district may be simultaneously created if the
 23 created district complies with [sections 1 through 4].

24
 25 NEW SECTION. **Section 19. Repealer.** The following sections of the Montana Code Annotated are
 26 repealed:
 27 7-15-4295. Technology districts.
 28 7-15-4296. Aerospace transportation and technology districts.
 29 7-15-4297. Short title.
 30 7-15-4298. Legislative findings.

1 7-15-4299. Industrial districts.

2 17-5-820. Authorization of bonds.

3

4 NEW SECTION. **Section 20. Codification instruction.** [Sections 1 through 4] are intended to be
5 codified as an integral part of Title 7, chapter 15, part 42, and the provisions of Title 7, chapter 15, part 42, apply
6 to [sections 1 through 4].

7

8 NEW SECTION. **Section 21. Effective date.** [This act] is effective July 1, 2011.

9

- END -