

1 SENATE BILL NO. 239

2 INTRODUCED BY E. BUTTREY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAX INCREMENT FINANCING DISTRICT
5 LAWS; PROVIDING FOR CREATION OF TARGETED ECONOMIC DEVELOPMENT DISTRICTS; ALLOWING
6 COUNTIES TO CREATE TARGETED ECONOMIC DEVELOPMENT DISTRICTS AND TO USE TAX
7 INCREMENT FINANCING; ADDING COMPONENTS THAT MUST BE INCLUDED IN AN URBAN RENEWAL
8 PLAN; REMOVING PROVISIONS FOR CREATION OF AND BONDING IN TECHNOLOGY DISTRICTS,
9 AEROSPACE TRANSPORTATION AND TECHNOLOGY DISTRICTS, AND INDUSTRIAL DISTRICTS;
10 AMENDING SECTIONS 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4286, 7-15-4288, 7-15-4290, 7-15-4292,
11 7-15-4293, 7-15-4294, 7-15-4301, 7-15-4302, 7-15-4304, AND 7-15-4324, MCA; REPEALING SECTIONS
12 7-15-4295, 7-15-4296, 7-15-4297, 7-15-4298, 7-15-4299, AND 17-5-820, MCA; AND PROVIDING AN
13 EFFECTIVE DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
17 NEW SECTION. **Section 1. Short title.** [Sections 1 through 4] may be cited as the "Targeted Economic
18 Development District Act".

19
20 NEW SECTION. **Section 2. Legislative findings -- purpose.** The legislature finds and declares that:

21 (1) infrastructure-deficient areas exist in the municipalities of the state and constitute a serious
22 impediment to the development of infrastructure-intensive, value-adding economic development in Montana;

23 (2) municipalities lack sufficient capital to rectify the infrastructure shortage in infrastructure-deficient
24 areas, thus impeding their ability to achieve economic growth through the development of value-adding industries;

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

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

30

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

5 (2) A targeted economic development district:

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

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

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

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

12 (e) must, prior to its creation, have in place a comprehensive development plan adopted by the
13 municipality that ensures that the district can host a diversified tenant base of multiple independent tenants; and

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

15 (3) The municipality may use tax increment financing pursuant to the provisions of 7-15-4282 through
16 7-15-4294 for the targeted economic development district. If the municipality uses tax increment financing, the
17 use of and purpose for tax increment financing must be specified in the comprehensive development plan
18 required in subsection (2)(e).

19 (4) For the purposes of [sections 1 through 4]:

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

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

27

28 **NEW SECTION. Section 4. Resolution of necessity required for urban renewal area and targeted**
29 **economic development district.** A municipality may not exercise the powers provided in part 43 or this part
30 unless it has adopted a resolution of necessity finding that:

- 1 (1) one or more infrastructure-deficient areas exist in the municipality; and
 2 (2) the infrastructure improvement of the area is necessary for the welfare of the residents of the
 3 municipality.

4

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

6 **"7-15-4282. Authorization for tax increment financing.** (1) ~~Any~~ An urban renewal plan as defined in
 7 7-15-4206, ~~industrial district ordinance adopted pursuant to 7-15-4299, technology district ordinance adopted~~
 8 ~~pursuant to 7-15-4295, or aerospace transportation and technology district ordinance adopted pursuant to~~
 9 ~~7-15-4296~~ or a targeted economic development district comprehensive development plan created as provided
 10 in [section 3] may contain a provision or be amended to contain a provision for the segregation and application
 11 of tax increments as provided in 7-15-4282 through ~~7-15-4299~~ 7-15-4294.

12 (2) The tax increment financing provision must take into account the effect on the county and school
 13 districts that include municipal territory."

14

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

16 **"7-15-4283. Definitions related to tax increment financing.** For purposes of 7-15-4282 through
 17 ~~7-15-4299~~ 7-15-4294 and [sections 1 through 4], the following definitions apply unless otherwise provided or
 18 indicated by the context:

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

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

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

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

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

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

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

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

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

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

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

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

16 (4) "Municipality", for the purposes of a targeted economic development district, means any incorporated
 17 city or town, a county, or a city-county consolidated local government.

18 (5) "Targeted economic development district" means a district created pursuant to [sections 1 through
 19 4].

20 ~~(9)(6)~~ (6) "Tax increment" means the collections realized from extending the tax levies, expressed in mills,
 21 of all taxing bodies in which the urban renewal area, ~~industrial district, technology district, aerospace~~
 22 ~~transportation and technology~~ or targeted economic development district; or a part of an the area or district is
 23 located against the incremental taxable value.

24 ~~(10)(7)~~ (7) "Tax increment provision" means a provision for the segregation and application of tax increments
 25 as authorized by 7-15-4282 through ~~7-15-4299~~ 7-15-4294.

26 ~~(11)(8)~~ (8) "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.

27 ~~(12)(9)~~ (9) "Taxing body" means any incorporated city or town, county, city-county consolidated local
 28 government, school district, or other political subdivision or governmental unit of the state, including the state, that
 29 levies taxes against property within the urban renewal area, ~~industrial district, technology district, or an aerospace~~
 30 ~~transportation and technology~~ or targeted economic development district.

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

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

4

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

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

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

13

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

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

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

26 (b) The balance of the taxes collected in each year must be paid to each of the taxing bodies as
 27 otherwise provided by law."

28

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

30 **"7-15-4288. Costs that may be paid by tax increment financing.** The tax increments may be used

1 by the municipality to pay the following costs of or incurred in connection with an urban renewal project, industrial
2 infrastructure development project, technology infrastructure development project, or aerospace transportation
3 and technology infrastructure development project area or targeted economic development district as identified
4 in the urban renewal plan or targeted economic development district comprehensive development plan:

5 (1) land acquisition;

6 (2) demolition and removal of structures;

7 (3) relocation of occupants;

8 (4) the acquisition, construction, and improvement of public improvements or infrastructure, industrial
9 infrastructure, technology infrastructure, or aerospace transportation and technology infrastructure that includes
10 including streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking
11 facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment
12 facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, ~~spaceports for~~
13 ~~reusable launch vehicles with associated runways and launch, recovery, fuel manufacturing, and cargo holding~~
14 ~~facilities~~, publicly owned buildings, and any public improvements authorized by Title 7, chapter 12, parts 41
15 through 45; Title 7, chapter 13, parts 42 and 43; and Title 7, chapter 14, part 47, and items of personal property
16 to be used in connection with improvements for which the foregoing costs may be incurred;

17 (5) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;

18 (6) acquisition of infrastructure-deficient areas or portions of areas;

19 (7) administrative costs associated with the management of the urban renewal area, ~~industrial district,~~
20 ~~technology district, or aerospace transportation and technology~~ or targeted economic development district;

21 (8) assemblage of land for development or redevelopment by private enterprise or public agencies,
22 including sale, initial leasing, or retention by the municipality itself at its fair value;

23 (9) the compilation and analysis of pertinent information required to adequately determine the needs of
24 ~~an urban renewal project in an urban renewal area, the infrastructure needs of secondary, value-adding industries~~
25 ~~in the industrial district, the needs of a technology infrastructure development project in the technology district,~~
26 ~~or the needs of an aerospace transportation and technology infrastructure development project in the aerospace~~
27 ~~transportation and technology~~ the urban renewal area or targeted economic development district;

28 (10) the connection of the urban renewal area, ~~industrial district, technology district, or aerospace~~
29 ~~transportation and technology~~ or targeted economic development district to existing infrastructure outside the area
30 or district;

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

5 (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,
 6 abating, or eliminating pollution."
 7

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

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

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

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

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

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

29 (3) Property taxes, except the tax increment derived from property within the area or district and tax
 30 collections used to pay for services provided to the municipality by a project, may not be applied to the payment

1 of bonds issued pursuant to 7-15-4301 for which a tax increment has been pledged.

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

5

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

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

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

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

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

16 (b) Upon termination of the tax increment provision, a municipality may retain and use in accordance with
17 the provisions of the urban renewal plan:

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

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

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

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

29 (4) Bonds secured in whole or in part by a tax increment provision may not be issued after the 15th
30 anniversary of tax increment provisions. However, if bonds secured by a tax increment provision are outstanding

1 on the applicable anniversary, additional bonds secured by the tax increment provision may be issued if the final
2 maturity date of the bonds is not later than the final maturity date of any bonds then outstanding and secured by
3 the tax increment provision."

4

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

6 **"7-15-4293. Adjustment of base taxable value following change of law or local disaster.** (1) If the
7 base taxable value of an urban renewal area, ~~an industrial district, a technology district, or an aerospace~~
8 ~~transportation and technology~~ or targeted economic development district is affected after its original determination
9 by a statutory, administrative, or judicial change in the method of appraising property, the tax rate applied to it,
10 the tax exemption status of property, or the taxable valuation of property if the change in taxable valuation is
11 based on conditions existing at the time the base year was established, the local governing body ~~of the~~
12 ~~municipality~~ may request the department of revenue to estimate the base taxable value so that the tax increment
13 resulting from the increased incremental value is sufficient to pay all principal and interest on the bonds as those
14 payments become due.

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

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

27 (b) The taxable value removed from the base taxable value of the area or district under subsection (3)(a)
28 must be added to the base taxable value of the area or district upon reconstruction of the property in the tax year
29 of reconstruction. If reconstruction of the property is only partially completed as of January 1 of the tax year, the
30 department of revenue shall determine the base taxable value of the property for that tax year by multiplying the

1 percentage of completion, expressed as a decimal equivalent, of reconstruction of the property by the original
2 base taxable value of the property. The addition to the base taxable value under this subsection (3)(b) is limited
3 to the amount of the original base taxable value of each parcel before the disaster occurred."
4

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

6 **"7-15-4294. Assessment agreements.** (1) A municipality may enter into a written agreement with any
7 private person:

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

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

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

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

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

25 (5) An agreement made pursuant to subsection (1) may be modified or terminated by mutual consent
26 of the current parties to the agreement. Modification or termination of an agreement must be approved by the
27 governing body of the municipality. A document modifying or terminating an agreement must be filed in the office
28 of the county clerk and recorder in each county in which the property or any part of the property is located.

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

- 1 (a) the date on which conditions in the agreement for termination are satisfied;
 2 (b) the termination date specified in the agreement; or
 3 (c) the date when the tax increment is no longer paid to the municipality under 7-15-4292.
 4 (7) This section does not limit a municipality's authority to enter into contracts other than tax deficiency
 5 agreements as described in this section."
 6

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

8 **"7-15-4301. Authorization to issue urban renewal bonds, ~~industrial infrastructure development~~**
 9 **~~bonds, technology infrastructure development bonds, aerospace transportation and technology~~**
 10 **~~infrastructure~~ targeted economic development bonds, and refunding bonds. (1) A municipality may:**

11 (a) issue bonds from time to time, in its discretion, to finance the undertaking of any urban renewal
 12 project, ~~industrial infrastructure development project, technology infrastructure development project, or aerospace~~
 13 ~~transportation and technology infrastructure development~~ or targeted economic development project under Title
 14 7, chapter 15, part 42, and this part, including, without limiting the generality of projects, the payment of principal
 15 and interest upon any advances for surveys and plans for the projects; and

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

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

30 (3) Bonds issued under this section must be authorized by resolution or ordinance of the local governing

1 body.

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

5

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

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

13 (2) Any bonds issued pursuant to this section must be issued in the manner and within the limitations
14 prescribed by the laws of this state for the issuance and authorization of bonds by the municipality for public
15 purposes generally.

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

24 (4) If applicable, the municipality shall specify whether the bonds are tax credit bonds as provided in
25 17-5-117, recovery zone economic development bonds or recovery zone facility bonds as provided in 7-7-140,
26 or qualified energy conservation bonds as provided in 7-7-141."

27

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

29 **"7-15-4304. Presumption of regularity of bond issuance.** In a suit, action, or proceeding involving the
30 validity or enforceability of or security for any bond issued under Title 7, chapter 15, part 42, and this part, a bond

1 reciting in substance that it has been issued by the municipality in connection with an urban renewal project;
 2 ~~industrial infrastructure development project, technology infrastructure development project, or aerospace~~
 3 ~~transportation and technology infrastructure development~~ or targeted economic development district project is
 4 conclusively considered to have been issued for that purpose and the project is conclusively considered to have
 5 been planned, located, and carried out in accordance with the provisions of Title 7, chapter 15, part 42, and this
 6 part."

7

8 **Section 17.** Section 7-15-4324, MCA, is amended to read:

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

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

22

23 **NEW SECTION. Section 18. Existing technology districts, aerospace transportation and**
 24 **technology districts, and industrial districts.** Technology districts, aerospace transportation and technology
 25 districts, and industrial districts established under Title 7, chapter 15, part 42, prior to [the effective date of this
 26 act] may continue to operate and issue bonds under laws governing the districts and financial operations of the
 27 districts as those laws read on December 31, 2012, except that the municipality may not amend the plan or
 28 boundaries of the district or expand in any manner the projects contained in the plan without providing notice of
 29 the changes to the director of the department of revenue or the director's designee and receiving approval of the
 30 department for the plan or boundary changes. A technology district, an aerospace transportation and technology

1 district, or an industrial district may be terminated and a targeted economic development district may be
2 simultaneously created if the created district complies with the provisions of [sections 1 through 4].

3
4 **NEW SECTION. Section 19. Repealer.** The following sections of the Montana Code Annotated are
5 repealed:

6 7-15-4295. Technology districts.

7 7-15-4296. Aerospace transportation and technology districts.

8 7-15-4297. Short title.

9 7-15-4298. Legislative findings.

10 7-15-4299. Industrial districts.

11 17-5-820. Authorization of bonds.

12
13 **NEW SECTION. Section 20. Codification instruction.** [Sections 1 through 4] are intended to be
14 codified as an integral part of Title 7, chapter 15, part 42, and the provisions of Title 7, chapter 15, part 42, apply
15 to [sections 1 through 4].

16

17 **NEW SECTION. Section 21. Effective date.** [This act] is effective July 1, 2013.

18

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