

SENATE BILL NO. 239

INTRODUCED BY E. BUTTREY

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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; PROVIDING THAT ANY PORTION OF THE INCREMENT REMITTED TO A TAXING BODY MUST BE~~
9 ~~USED TO REDUCE AD VALOREM TAXES AND MAY NOT REDUCE FUTURE LEVY AUTHORITY;~~ REMOVING
10 PROVISIONS FOR CREATION OF AND BONDING IN TECHNOLOGY DISTRICTS, AEROSPACE
11 TRANSPORTATION AND TECHNOLOGY DISTRICTS, AND INDUSTRIAL DISTRICTS; AMENDING SECTIONS
12 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4285, 7-15-4286, 7-15-4287, 7-15-4288, 7-15-4289, 7-15-4290,
13 7-15-4291, 7-15-4292, 7-15-4293, 7-15-4294, 7-15-4301, 7-15-4302, 7-15-4304, 7-15-4305, 7-15-4306,
14 7-15-4322, AND 7-15-4324, MCA; REPEALING SECTIONS 7-15-4295, 7-15-4296, 7-15-4297, 7-15-4298,
15 7-15-4299, AND 17-5-820, MCA; AND PROVIDING AN EFFECTIVE DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

21
22 NEW SECTION. Section 2. Legislative findings -- purpose. The legislature finds and declares that:

23 (1) infrastructure-deficient areas exist in the ~~municipalities~~ LOCAL GOVERNMENTS of the state and
24 constitute a serious impediment to the development of infrastructure-intensive, value-adding economic
25 development in Montana;

26 (2) ~~municipalities~~ LOCAL GOVERNMENTS lack sufficient capital to rectify the infrastructure shortage in
27 infrastructure-deficient areas, thus impeding their ability to achieve economic growth through the development
28 of value-adding industries;

29 (3) the creation of infrastructure in support of value-adding economic development is a matter of state
30 policy and state concern because the state and its local governments will continue to suffer economic dislocation

1 due to the lack of value-adding industries; and

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

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

9 (2) A targeted economic development district:

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

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

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

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

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

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

20 (3) The ~~municipality~~ LOCAL GOVERNMENT may use tax increment financing pursuant to the provisions of
21 7-15-4282 through 7-15-4294 for the targeted economic development district. If the ~~municipality~~ LOCAL
22 GOVERNMENT uses tax increment financing, the use of and purpose for tax increment financing must be specified
23 in the comprehensive development plan required in subsection (2)(e).

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

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

28 (b) SECONDARY "value-adding industry" means a business that produces SECONDARY value-added
29 products or commodities or a business or organization that is engaged in technology-based operations within
30 Montana that, through the employment of knowledge or labor, adds value to a product, process, or export service

1 resulting in the creation of new wealth.

2

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

6 (1) one or more infrastructure-deficient areas exist in the ~~municipality~~ LOCAL GOVERNMENT; and

7 (2) the infrastructure improvement of the area is necessary for the welfare of the residents of the
 8 ~~municipality~~ LOCAL GOVERNMENT.

9

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

11 **"7-15-4282. Authorization for tax increment financing.** (1) ~~Any~~ An urban renewal plan as defined in
 12 7-15-4206, ~~industrial district ordinance adopted pursuant to 7-15-4299, technology district ordinance adopted~~
 13 ~~pursuant to 7-15-4295, or aerospace transportation and technology district ordinance adopted pursuant to~~
 14 ~~7-15-4296~~ or a targeted economic development district comprehensive development plan created as provided
 15 in [section 3] may contain a provision or be amended to contain a provision for the segregation and application
 16 of tax increments as provided in 7-15-4282 through ~~7-15-4299~~ 7-15-4294.

17 (2) The tax increment financing provision must take into account the effect on the county and school
 18 districts that include ~~municipal~~ LOCAL GOVERNMENT territory."

19

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

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

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

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

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

1 ~~————(4)(2)~~ "Base taxable value" means the actual taxable value of all taxable property within an urban
 2 renewal area, ~~industrial district, technology district, or aerospace transportation and technology district or targeted~~
 3 economic development district as it appears on the property tax record prior to the effective date of a tax
 4 increment financing provision. This value may be adjusted as provided in 7-15-4287 or 7-15-4293.

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

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

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

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

15 ~~————(a)~~ an industrial district operating pursuant to ~~7-15-4282 through 7-15-4294 and Title 7, chapter 15, part~~
 16 ~~43;~~

17 ~~————(b)~~ a technology district operating pursuant to ~~7-15-4282 through 7-15-4294 and Title 7, chapter 15, part~~
 18 ~~43; or~~

19 ~~————(c)~~ an aerospace transportation and technology district operating pursuant to ~~7-15-4282 through~~
 20 ~~7-15-4294 and Title 7, chapter 15, part 43.~~

21 ~~(4)~~ "Municipality" "LOCAL GOVERNMENT", for the purposes of a targeted economic development district,
 22 means any incorporated city or town, a county, or a city-county consolidated local government.

23 ~~(5)~~ "Targeted economic development district" means a district created pursuant to [sections 1 through
 24 4].

25 ~~(9)(6)~~ "Tax increment" means the collections realized from extending the tax levies, expressed in mills,
 26 of all taxing bodies in which the urban renewal area, ~~industrial district, technology district, aerospace~~
 27 ~~transportation and technology or targeted economic development~~ district; or a part of an the area or district is
 28 located against the incremental taxable value.

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

1 ~~(11)~~(8) "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.

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

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

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

9

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

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

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

19

20 **SECTION 8. SECTION 7-15-4285, MCA, IS AMENDED TO READ:**

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

25

26 **Section 9.** Section 7-15-4286, MCA, is amended to read:

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

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

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

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

10

11 **SECTION 10. SECTION 7-15-4287, MCA, IS AMENDED TO READ:**

12 **"7-15-4287. Provision for use of portion of tax increment.** (1) At the time of adoption of a tax
 13 increment provision or at any time subsequent thereto, the governing body of the ~~municipality~~ local government
 14 may provide that a portion of the tax increment from the incremental taxable value ~~shall~~ be released from
 15 segregation by an adjustment of the base taxable value, provided that:

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

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

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

22 (3) Thereafter, the adjusted base value is used in determining the mill rates of affected taxing bodies
 23 unless the tax increment resulting from the adjustment is determined to be insufficient for this purpose. In this
 24 case, the governing body ~~must~~ shall reduce the base value to the amount originally determined or to a higher
 25 amount necessary to provide tax increments sufficient to pay all principal and interest due on the bonds."

26

27 **Section 11.** Section 7-15-4288, MCA, is amended to read:

28 **"7-15-4288. Costs that may be paid by tax increment financing.** The tax increments may be used
 29 by the ~~municipality~~ LOCAL GOVERNMENT to pay the following costs of or incurred in connection with an urban
 30 renewal project, industrial infrastructure development project, technology infrastructure development project, or

1 ~~aerospace transportation and technology infrastructure development project~~ area or targeted economic
 2 development district as identified in the urban renewal plan or targeted economic development district
 3 comprehensive development plan:

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

1 ~~infrastructure development projects, or aerospace transportation and technology infrastructure development~~
 2 ~~projects, to secondary; to SECONDARY value-adding industries to assist in meeting their infrastructure and land~~
 3 ~~needs within the area or district; and~~

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

6

7 **SECTION 12.** SECTION 7-15-4289, MCA, IS AMENDED TO READ:

8 **"7-15-4289. Use of tax increments for bond payments.** The tax increment may be pledged to the
 9 payment of the principal of premiums, if any, and interest on bonds ~~which that the municipality~~ local government
 10 may issue for the purpose of providing funds to pay ~~such~~ those costs."

11

12 **Section 13.** Section 7-15-4290, MCA, is amended to read:

13 **"7-15-4290. Use of property taxes and other revenue for payment of bonds.** (1) (a) The tax
 14 increment derived from an urban renewal area may be pledged for the payment of revenue bonds issued for
 15 urban renewal projects or of general obligation bonds, revenue bonds, or special assessment bonds issued to
 16 pay urban renewal costs described in 7-15-4288 and 7-15-4289.

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

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

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

28 (2) A ~~municipality~~ LOCAL GOVERNMENT issuing bonds pursuant to subsection (1) may, by resolution of its
 29 governing body, enter into a covenant for the security of the bondholders, detailing the calculation and adjustment
 30 of the tax increment and the taxable value on which it is based and, after a public hearing, pledging or

1 appropriating other revenue of the ~~municipality~~ LOCAL GOVERNMENT, except property taxes prohibited by
 2 subsection (3), to the payment of the bonds if collections of the tax increment are insufficient.

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

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

9

10 **SECTION 14.** SECTION 7-15-4291, MCA, IS AMENDED TO READ:

11 **"7-15-4291. Agreements to remit unused portion of tax increments.** ~~(1)~~ The ~~municipality~~ local
 12 government may also enter into agreements with the other affected taxing bodies to remit to ~~such those~~ taxing
 13 bodies any portion of the annual tax increment not currently required for the payment of the costs listed in
 14 7-15-4288 or pledged to the payment of the principal of premiums, if any, and interest on the bonds referred to
 15 in 7-15-4289.

16 ~~(2) Any portion of the increment remitted to a taxing body must be treated as budgeted ad valorem taxes~~
 17 ~~and used to reduce ad valorem taxes by the taxing body receiving the remittance and may not reduce the future~~
 18 ~~levy authority of the taxing body receiving the remittance. This subsection applies to all tax increment financing~~
 19 ~~districts created after December 31, 1979."~~

20

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

22 **"7-15-4292. Termination of tax increment financing -- exception.** (1) The tax increment provision
 23 contained in an urban renewal plan or a targeted economic development district comprehensive development
 24 plan terminates upon the later of:

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

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

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

1 (b) Upon termination of the tax increment provision, a ~~municipality~~ LOCAL GOVERNMENT may retain and
2 use in accordance with the provisions of the urban renewal plan:

3 (i) funds remaining in the special fund or a reserve fund related to a binding loan commitment,
4 construction contract, or development agreement for an approved urban renewal project OR TARGETED ECONOMIC
5 DEVELOPMENT DISTRICT PROJECT that a ~~municipality~~ LOCAL GOVERNMENT entered into before the termination of a
6 tax increment provision;

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

9 (iii) funds from loans previously made pursuant to a loan program established under an urban renewal
10 plan OR TARGETED ECONOMIC DEVELOPMENT DISTRICT COMPREHENSIVE DEVELOPMENT PLAN.

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

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

21 **Section 16.** Section 7-15-4293, MCA, is amended to read:

22 **"7-15-4293. Adjustment of base taxable value following change of law or local disaster.** (1) If the
23 base taxable value of an urban renewal area, ~~an industrial district, a technology district, or an aerospace~~
24 ~~transportation and technology~~ or targeted economic development district is affected after its original determination
25 by a statutory, administrative, or judicial change in the method of appraising property, the tax rate applied to it,
26 the tax exemption status of property, or the taxable valuation of property if the change in taxable valuation is
27 based on conditions existing at the time the base year was established, the ~~local governing body of the~~
28 ~~municipality~~ LOCAL GOVERNMENT may request the department of revenue to estimate the base taxable value so
29 that the tax increment resulting from the increased incremental value is sufficient to pay all principal and interest
30 on the bonds as those payments become due.

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

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

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

21 **Section 17.** Section 7-15-4294, MCA, is amended to read:

22 **"7-15-4294. Assessment agreements.** (1) A ~~municipality~~ LOCAL GOVERNMENT may enter into a written
 23 agreement with any private person:

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

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

1 market value established by the department of revenue.

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

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

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

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

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

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

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

20 (c) the date when the tax increment is no longer paid to the ~~municipality~~ LOCAL GOVERNMENT under
21 7-15-4292.

22 (7) This section does not limit a ~~municipality's~~ LOCAL GOVERNMENT'S authority to enter into contracts other
23 than tax deficiency agreements as described in this section."

24

25 **Section 18.** Section 7-15-4301, MCA, is amended to read:

26 **"7-15-4301. Authorization to issue urban renewal bonds, ~~industrial infrastructure development~~**
27 **~~bonds, technology infrastructure development bonds, aerospace transportation and technology~~**
28 **~~infrastructure~~ targeted economic development bonds, and refunding bonds. (1) A LOCAL GOVERNMENT OR**
29 **municipality may:**

30 (a) issue bonds from time to time, in its discretion, to finance the undertaking of any urban renewal

1 project, ~~industrial infrastructure development project, technology infrastructure development project, or aerospace~~
 2 ~~transportation and technology infrastructure development~~ or targeted economic development project under Title
 3 7, chapter 15, part 42, and this part, including, without limiting the generality of projects, the payment of principal
 4 and interest upon any advances for surveys and plans for the projects; and

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

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

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

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

27 **Section 19.** Section 7-15-4302, MCA, is amended to read:

28 **"7-15-4302. Authorization to issue general obligation bonds.** (1) For the purpose of 7-15-4267 or
 29 for the purpose of aiding in the planning, undertaking, or carrying out of an urban renewal project, ~~industrial~~
 30 ~~infrastructure development project, technology infrastructure development project, or aerospace transportation~~

1 ~~and technology infrastructure project of a municipality, or targeted economic development district project,~~ the
 2 LOCAL GOVERNMENT OR municipality, in addition to any authority to issue bonds pursuant to 7-15-4301, may issue
 3 and sell its general obligation bonds.

4 (2) Any bonds issued pursuant to this section must be issued in the manner and within the limitations
 5 prescribed by the laws of this state for the issuance and authorization of bonds by the LOCAL GOVERNMENT OR
 6 municipality for public purposes generally.

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

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

18

19 **Section 20.** Section 7-15-4304, MCA, is amended to read:

20 **"7-15-4304. Presumption of regularity of bond issuance.** In a suit, action, or proceeding involving the
 21 validity or enforceability of or security for any bond issued under Title 7, chapter 15, part 42, and this part, a bond
 22 reciting in substance that it has been issued by the LOCAL GOVERNMENT OR municipality in connection with an
 23 urban renewal project,~~industrial infrastructure development project, technology infrastructure development~~
 24 ~~project, or aerospace transportation and technology infrastructure development~~ or targeted economic
 25 development district project is conclusively considered to have been issued for that purpose and the project is
 26 conclusively considered to have been planned, located, and carried out in accordance with the provisions of Title
 27 7, chapter 15, part 42, and this part."

28

29 **SECTION 21. SECTION 7-15-4305, MCA, IS AMENDED TO READ:**

30 **"7-15-4305. Validity and sufficiency of signatures on bonds.** In case any of the public officials of the

1 local government or municipality whose signatures appear on any bonds or coupons issued under ~~this part and~~
 2 ~~part 42 shall and this part~~ cease to be ~~such~~ officials before the delivery of ~~such the~~ bonds, ~~such their~~ signatures
 3 ~~shall, nevertheless, be~~ remain valid and sufficient for all purposes the same as if ~~such the~~ officials had remained
 4 in office until ~~such~~ delivery of the bonds."

5

6 **SECTION 22. SECTION 7-15-4306, MCA, IS AMENDED TO READ:**

7 **"7-15-4306. Bonds as legal investments.** (1) All banks, trust companies, bankers, savings banks and
 8 institutions, building and loan associations, savings and loan associations, investment companies, and other
 9 persons carrying on a banking or investment business; all insurance companies, insurance associations, and
 10 other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other
 11 fiduciaries may legally invest any sinking funds, money, or other funds belonging to them or within their control
 12 in any bonds or other obligations issued by a local government or municipality pursuant to ~~this part and~~ part 42
 13 and this part, provided that ~~such the~~ bonds and other obligations ~~shall~~ must be secured by an agreement between
 14 the issuer and the federal government in which the issuer agrees to borrow from the federal government and the
 15 federal government agrees to lend to the issuer, prior to the maturity of ~~such~~ bonds or other obligations, money
 16 in an amount ~~which that,~~ (together with any other money irrevocably committed to the payment of interest on ~~such~~
 17 the bonds or other obligations), will suffice to pay the principal of ~~such the~~ bonds or other obligations with interest
 18 to maturity ~~thereon, which on the bonds.~~ The money under the terms of said the agreement is required to be used
 19 for the purpose of paying the principal of and the interest on ~~such the~~ bonds or other obligations at their maturity.

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

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

25

26 **SECTION 23. SECTION 7-15-4322, MCA, IS AMENDED TO READ:**

27 **"7-15-4322. Details relating to urban renewal bonds.** (1) Bonds issued under 7-15-4301 may be
 28 issued in one or more series and must bear a date or dates, be payable upon demand or mature at a time or
 29 times, bear interest as provided in 17-5-102, be in denomination or denominations, be in ~~form~~ (either coupon or
 30 registered) form, carry conversion or registration privileges, have rank or priority, be executed in a manner, be

1 payable in a medium of payment at a place or places, be subject to terms of redemption (with or without
 2 premium), be secured in a manner, and have other characteristics as may be provided by the resolution,
 3 ordinance, or trust indenture or a mortgage authorized pursuant to the resolution, ordinance, or trust indenture.

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

6 (b) The bonds may be sold to the federal government at private sale at not less than par, and if less than
 7 all of the authorized principal amount of the bonds is sold to the federal government, the balance may be sold;
 8 at public or private sale; at not less than 97% of par at an interest cost to the local government or municipality of
 9 not to exceed the interest cost of the portion of the bonds sold to the federal government."
 10

10

11 **Section 24.** Section 7-15-4324, MCA, is amended to read:

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

19 (2) The governing body, in the resolution or ordinance authorizing the bonds, shall determine the
 20 estimated tax increment, payments in lieu of taxes or other amounts agreed to be paid by the property owners
 21 in an area or district, and other revenue, if any, for each year the bonds are to be outstanding. In calculating the
 22 costs under 7-15-4288 for which the bonds are issued, the LOCAL GOVERNMENT OR municipality may include an
 23 amount sufficient to pay interest on the bonds prior to receipt of tax increments pledged and sufficient for the
 24 payment of the bonds and to fund any reserve fund in respect of the bonds."
 25

25

26 NEW SECTION. **Section 25. Existing technology districts, aerospace transportation and**
 27 **technology districts, and industrial districts.** (1) Technology districts, aerospace transportation and technology
 28 districts, and industrial districts established under Title 7, chapter 15, part 42, prior to [the effective date of this
 29 act] may continue to operate and issue bonds under laws governing the districts and financial operations of the
 30 districts as those laws read on December 31, 2012, except that the LOCAL GOVERNMENT OR municipality may not

1 amend the plan or boundaries of the district or expand in any manner the projects contained in the plan without
 2 providing notice of the changes to the director of the department of revenue or the director's designee and
 3 receiving approval of the department for the plan or boundary changes. A technology district, an aerospace
 4 transportation and technology district, or an industrial district may be terminated and a targeted economic
 5 development district may be simultaneously created if the created district complies with the provisions of [sections
 6 1 through 4].

7 (2) TECHNOLOGY DISTRICTS, AEROSPACE TRANSPORTATION AND TECHNOLOGY DISTRICTS, AND INDUSTRIAL
 8 DISTRICTS ESTABLISHED UNDER TITLE 7, CHAPTER 15, PART 42, THAT WERE INITIATED PRIOR TO [THE EFFECTIVE DATE
 9 OF THIS ACT] MAY CONTINUE TO OPERATE AND ISSUE BONDS UNDER THE LAWS GOVERNING THE DISTRICTS AND FINANCIAL
 10 OPERATIONS OF THE DISTRICTS AS THOSE LAWS READ ON DECEMBER 31, 2012. A TECHNOLOGY DISTRICT, AEROSPACE
 11 TRANSPORTATION AND TECHNOLOGY DISTRICT, OR INDUSTRIAL DISTRICT IS CONSIDERED INITIATED IF THE LOCAL
 12 GOVERNING BODY HAS ADOPTED AN ORDINANCE FOR A DISTRICT AND HAS HELD A PUBLIC HEARING FOR CREATION OF THE
 13 DISTRICT.

14 ~~(3) FOR OPERATION OF EXISTING TECHNOLOGY DISTRICTS, AEROSPACE TRANSPORTATION AND TECHNOLOGY~~
 15 ~~DISTRICTS, AND INDUSTRIAL DISTRICTS ESTABLISHED UNDER TITLE 7, CHAPTER 15, PART 42, THAT WERE INITIATED PRIOR~~
 16 ~~TO [THE EFFECTIVE DATE OF THIS ACT], ANY PORTION OF THE INCREMENT REMITTED TO A TAXING BODY UNDER 7-15-4291~~
 17 ~~MUST BE TREATED AS BUDGETED AD VALOREM TAXES AND USED TO REDUCE AD VALOREM TAXES BY THE TAXING BODY~~
 18 ~~RECEIVING THE REMITTANCE AND MAY NOT REDUCE THE FUTURE LEVY AUTHORITY OF THE TAXING BODY RECEIVING THE~~
 19 ~~REMITTANCE.~~

20
 21 NEW SECTION. Section 26. Repealer. The following sections of the Montana Code Annotated are
 22 repealed:

- 23 7-15-4295. Technology districts.
- 24 7-15-4296. Aerospace transportation and technology districts.
- 25 7-15-4297. Short title.
- 26 7-15-4298. Legislative findings.
- 27 7-15-4299. Industrial districts.
- 28 17-5-820. Authorization of bonds.

29
 30 NEW SECTION. Section 27. Codification instruction. [Sections 1 through 4] are intended to be

1 codified as an integral part of Title 7, chapter 15, part 42, and the provisions of Title 7, chapter 15, part 42, apply
2 to [sections 1 through 4].

3

4 NEW SECTION. **Section 28. Effective date.** [This act] is effective July 1, 2013.

5

- END -