

HOUSE BILL NO. 411

INTRODUCED BY A. HERTZ

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING COSTS THAT MAY BE PAID BY TAX INCREMENT FINANCING; AMENDING SECTIONS 7-15-4288 AND 17-6-316, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-15-4288, MCA, is amended to read:

"7-15-4288. Costs that may be paid by tax increment financing. (1) The tax increments may be used by the local government to pay the following costs of or incurred in connection with an urban renewal area or targeted economic development district as identified in the urban renewal plan or targeted economic development district comprehensive development plan:

- ~~(1)~~(a) land acquisition;
- ~~(2)~~(b) demolition and removal of structures;
- ~~(3)~~(c) relocation of occupants;
- ~~(4)~~(d) the acquisition, construction, and improvement of public improvements or infrastructure, including streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, publicly owned buildings, and any public improvements authorized by Title 7, chapter 12, parts 41 through 45; Title 7, chapter 13, parts 42 and 43; and Title 7, chapter 14, part 47, and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred;
- ~~(5)~~(e) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;
- ~~(6)~~(f) acquisition of infrastructure-deficient areas or portions of areas;
- ~~(7)~~(g) administrative costs associated with the management of the urban renewal area or targeted economic development district;
- ~~(8)~~(h) assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the local government itself at its fair value;



1 ~~(9)~~(i) the compilation and analysis of pertinent information required to adequately determine the needs
2 of the urban renewal area or targeted economic development district;

3 ~~(10)~~(j) the connection of the urban renewal area or targeted economic development district to existing
4 infrastructure outside the area or district;

5 ~~(11)~~(k) the provision of direct assistance to secondary value-adding industries to assist in meeting their
6 infrastructure and land needs within the area or district; and

7 ~~(12)~~(l) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,
8 abating, or eliminating pollution.

9 (2) The tax increments may not be used by the local government for facade improvements to privately
10 owned buildings."

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12 **Section 2.** Section 17-6-316, MCA, is amended to read:

13 **"17-6-316. Economic development loan -- infrastructure tax credit.** (1) A loan made pursuant to
14 17-6-309(2) must be used to build infrastructure, as provided for in 7-15-4288~~(4)~~(1)(d), such as water systems,
15 sewer systems, water treatment facilities, sewage treatment facilities, and roads, that allows the location or
16 creation of a business in Montana. The loan must be made to a local government that will create the necessary
17 infrastructure. The infrastructure may serve as collateral for the loan. The local government receiving the loan
18 may charge fees to the users of the infrastructure. A loan repayment agreement must provide for repayment of
19 the loan from the entity authorized to charge fees for the use of the services of the infrastructure. Loans made
20 pursuant to 17-6-309(2) qualify for the job credit interest rate reductions under 17-6-318 if the interest rate
21 reduction passes through to the business creating the jobs.

22 (2) A loan pursuant to 17-6-309(2) and this section may not be made until the board is satisfied that the
23 condition in 17-6-309(2) will be met. If the condition contained in 17-6-309(2) is not met, any credits received
24 pursuant to subsection (3) of this section must be returned to the state.

25 (3) A business that is created or expanded as the result of a loan made pursuant to 17-6-309(2) and
26 subsection (1) of this section is entitled to a credit against taxes due under Title 15, chapter 30 or 31, for the
27 portion of the fees attributable to the use of the infrastructure. The total amount of tax credit claimed may not
28 exceed the amount of the loan. The credit may be carried forward for 7 tax years or carried back for 3 tax years."

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30 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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