

HOUSE BILL NO. 403

INTRODUCED BY A. HERTZ

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE REMITTANCE OF TAX INCREMENT THAT
5 EXCEEDS A PORTION OF TOTAL TAXABLE VALUE IN A MUNICIPALITY; PROVIDING THAT TOTAL
6 INCREMENTAL TAXABLE VALUE IN EXCESS OF 5% OF TOTAL TAXABLE VALUE MUST BE REMITTED TO
7 AFFECTED TAXING JURISDICTIONS; PROVIDING AN EXCEPTION FOR TAX INCREMENT PLEDGED TO
8 BONDS; AMENDING SECTIONS 7-15-4282 AND 7-15-4291, MCA; AND PROVIDING AN IMMEDIATE
9 EFFECTIVE DATE."

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

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13 **Section 1.** Section 7-15-4282, MCA, is amended to read:
14 **"7-15-4282. Authorization for tax increment financing.** (1) An urban renewal plan as defined in
15 7-15-4206 or a targeted economic development district comprehensive development plan created as provided
16 in 7-15-4279 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 7-15-4294.

18 (2) The provisions of 7-15-4291(1) apply to a municipality in which the total incremental taxable value
19 of one or more urban renewal districts exceeds 5% of the total taxable value of the municipality.

20 ~~(2)(3)~~ The tax increment financing provision must take into account the effect on the county and school
21 districts that include local government territory."

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23 **Section 2.** Section 7-15-4291, MCA, is amended to read:
24 **"7-15-4291. Agreements to remit ~~unused portion of tax increments.~~** (1) (a) Except as provided in
25 subsection (1)(b), a municipality in which the total incremental taxable value of one or more urban renewal
26 districts exceeds 5% of the total taxable value of the municipality shall enter into an agreement to remit the
27 incremental taxable value that exceeds 5% of the total taxable value as provided in subsection (3).

28 (b) (i) A municipality is not required to remit as provided in subsection (1)(a) if the tax increment is
29 pledged to the payment of principal on premiums and interest on the bonds referred to in 7-15-4289 entered into
30 before [the effective date of this act] and the remittance or a portion of the remittance is required to make the

1 payments.

2 (ii) If subsection (1)(b)(i) applies, the municipality shall remit incremental taxable value that exceeds 5%
 3 of the total taxable value of the municipality and that is not required for the payment of principal on premiums and
 4 interest on bonds as provided in subsection (1)(b)(i).

5 ~~(1)(2)~~ Subject to subsections (2) through (5), the local government may also enter into agreements with
 6 the other affected taxing bodies to remit to those taxing bodies A local government may enter into an agreement
 7 to remit any portion of the annual tax increment not currently required for the payment of the costs listed in
 8 7-15-4288 or pledged to the payment of the principal of premiums, if any, and interest on the bonds referred to
 9 in 7-15-4289.

10 (3) Subject to subsections (4) through (7), a remittance agreement provided for in subsection (1) or (2)
 11 must provide:

12 (a) for remittance to each taxing jurisdiction for which the mill rates are included in the calculation of the
 13 tax increment as provided in 7-15-4286; and

14 (b) that the remittance be proportional to the taxing jurisdiction's share of the total mills levied.

15 ~~(2)(4)~~ Any portion of the increment remitted to a school district:

16 (a) must be used to reduce property taxes or designated as operating reserve pursuant to 20-9-104 for
 17 the fiscal year following the fiscal year in which the remittance was received;

18 (b) must be deposited in one or more of the following funds that has a mill levy for the current school
 19 year, subject to the provisions of Title 20 and this section:

20 (i) general fund;

21 (ii) bus depreciation reserve fund;

22 (iii) debt service fund;

23 (iv) building reserve fund;

24 (v) technology acquisition and depreciation fund; and

25 (c) may not be transferred to any fund.

26 ~~(3)(5)~~ The remittance will not reduce the levy authority of the school district receiving the remittance in
 27 years subsequent to the time period established by subsection ~~(2)(a)~~ (4)(a).

28 ~~(4)(6)~~ Any portion of the increment remitted to a school district and deposited into the general fund must
 29 be designated as operating reserve pursuant to 20-9-104 or used to reduce the BASE budget levy or the
 30 over-BASE budget levy in the following fiscal year.

1 ~~(5)~~(7) If a school district does not utilize the remitted portion to reduce property taxes or designate the
2 remittance as operating reserve within the time period established by subsection ~~(2)(a)~~ (4)(a), the unused portion
3 must be remitted as follows:

4 (a) if the area or district is in existence at the time of the remittance, the portion is distributed to the
5 special fund in 7-15-4286(2)(a) and used as provided in 7-15-4282 through 7-15-4294; or

6 (b) if the area or district is not in existence at the time of the remittance, the portion is distributed pursuant
7 to 7-15-4292(2)(a)."

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

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