



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2021 Biennium

<b>Bill #</b>	HB0462	<b>Title:</b>	Revise administration of tax increment financing districts
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<b>Primary Sponsor:</b>	Burnett, Tom	<b>Status:</b>	As Introduced
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- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 462 imposes new requirements on local governments with urban renewal districts (URDs) and targeted economic development districts (TEDDs) to report financial information to the Department of Revenue (the department) annually. It also imposes on the department the obligation to post certain specified information derived from the local government reports as well as in the department's biennial report. This is an expansion on current department reporting. The bill caps the permitted base taxable value of tax increment finance districts (TIFDs) to no more than 15% of the total jurisdiction taxable value starting in TY 2020. The 15% reporting requirement is assumed to apply to new or amended TIFDs, as such HB 462 has no impact on state tax revenue or expenditures.

### Effect on County or Other Local Revenues or Expenditures:

- Jurisdictions with more than 15% of their tax base in TIFDs would not be able to use tax increment financing until their current TIFDs base and increments were less than 15% of their tax base.
- If the 15% limitation applies to annual certification of base value starting in TY 2020 to current TIFDs then some current TIFDs would no longer be qualified to use tax increment financing to service their current debt and operational obligations at current levels.

**Technical Notes:**

1. New subsection (4) of 17-15-4282, MCA, could be interpreted to apply to the authorization and base value certification of new TIFDs, or to also apply to the continued authorization and annual certification of existing TIFDs. Additional language may help to clarify ambiguity.

TRB

Sponsor's Initials

FEB 20, 2019

Date

TL

Budget Director's Initials

2/20/19

Date