

# TAX INCREMENT FINANCING

## LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting (5-4-105, MCA; [Chapter 309, Laws of 2017](#)). The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

**Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.**

## Background Materials and Research

**Topic Summary:** [Title 7, chapter 15](#), parts 42 and 43, MCA, provide for the use of tax increment financing (TIF) for urban renewal and economic development projects. A city may create an urban renewal district (URD), and a city or a county may create a targeted economic development district (TEDD). The URD or TEDD plan may include a provision that allows the district to use tax increment financing. The following definitions and graphic explain tax increment financing.

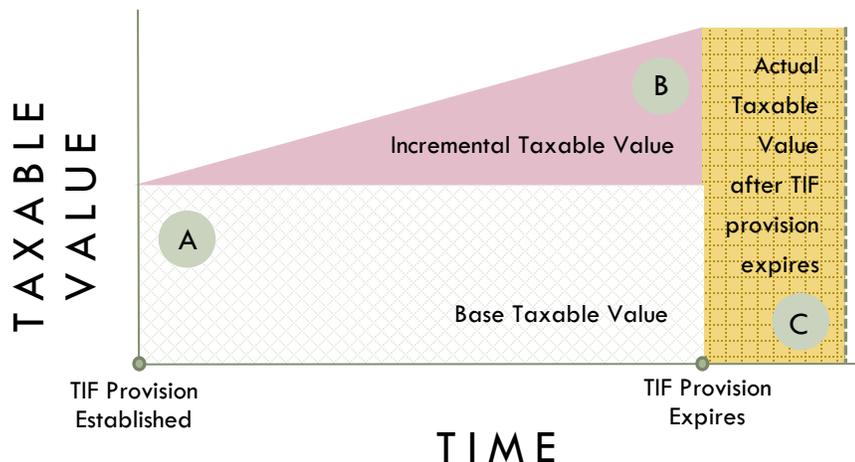
**Actual taxable value:** the taxable value of all taxable property as calculated from the property tax record

**Base taxable value:** the actual taxable value of all taxable property within a district before the effective date of the tax increment financing provision

**Incremental taxable value:** the amount, if any, by which the actual taxable value exceeds the base taxable value of all taxable property within a district

**Tax increment:** the collections realized from extending the tax levies of all taxing bodies in which the district is located against the incremental taxable value

**Taxing body:** any incorporated city or town, county, city-county consolidated local government, school district, or other political subdivision or governmental unit of the state, including the state, that levies taxes against property within a district



## Area A: Base Taxable Value

The revenue generated from the application of mill levies to the base taxable value continues to flow to taxing bodies as it did before adoption of the tax increment provision.

## Area B: Incremental Taxable Value

The combined mill rate for all taxing bodies within the district is applied to the incremental taxable value to determine the tax increment available for urban renewal or economic development projects. The combined mill rate does not include the 6-mill university levy and, for TIF provisions adopted after April 6, 2017, does not include the 1.5-mill vocational-technical education levy or a new mill levy approved by voters after adoption of the TIF provision.

## Area C: Actual Taxable Value After TIF Provision Expires

After the TIF provision expires, the incremental taxable value is no longer separated from the base taxable value and taxing bodies again collect revenue from the total actual taxable value. A TIF provision expires the later of the 15<sup>th</sup> year following its adoption or upon the payment or discharge of all bonds for which the tax increment has been pledged.

Section [7-15-4288](#), MCA, provides for costs that may be paid by tax increment financing.

## Legislative Services Division Materials:

The Revenue and Transportation Interim Committee studied tax increment financing during the 2017-2018 interim and the 2015-2016 interim. Materials for the 2017-2018 interim are available from the “Committee Topics” link at [www.leg.mt.gov/rtic](http://www.leg.mt.gov/rtic).

Materials provided for the 2015-2016 study are available at [www.leg.mt.gov](http://www.leg.mt.gov) by navigating to “Interim” then “Past Interim Committees” and selecting the appropriate year under the committee name.

## Other Materials:

### Legislative Audit Division

[Performance Audit: Tax Increment Financing Administration and Impact](#), February 2018

### Department of Revenue

[Tax Increment Financing](#) (page 163)

## Introduced Legislation

### 2019

[House Bill No. 367](#) -- (H) Died in Standing Committee -- AN ACT REQUIRING AN URBAN RENEWAL DISTRICT THAT APPROVES A TAX INCREMENT FINANCING PROVISION TO CREATE A COMMITTEE TO MAKE RECOMMENDATIONS TO THE MUNICIPALITY ABOUT THE ADMINISTRATION OF THE DISTRICT AND THE TAX INCREMENT FINANCING PROVISION; AMENDING SECTION 7-15-4282, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 462](#) -- (S) Died in Standing Committee -- AN ACT REVISING ADMINISTRATION OF URBAN RENEWAL AND TARGETED ECONOMIC DEVELOPMENT DISTRICTS WITH TAX INCREMENT

FINANCING; PROVIDING FOR REPORTING ON AN ANNUAL BASIS BY LOCAL GOVERNMENTS UTILIZING TAX INCREMENT PROVISIONS; REQUIRING THE DEPARTMENT OF REVENUE TO ADMINISTER REPORTING REQUIREMENTS AND PROVIDE INFORMATION TO THE PUBLIC THROUGH THE INTERNET AND THE BIENNIAL REPORT; REQUIRING AN IMPACT ANALYSIS IF THE ADOPTION OR EXPANSION OF A TAX INCREMENT FINANCING PROVISION WILL RESULT IN A BASE TAXABLE VALUE WITHIN THE TAXING JURISDICTION OF GREATER THAN 35% OF THE JURISDICTION'S CERTIFIED TAXABLE VALUE; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 7-15-4282, 7-15-4283, 7-15-4285, 7-15-4292, AND 15-1-205, MCA; AND PROVIDING AN APPLICABILITY DATE.

[Senate Bill No. 135](#) -- (S) Died in Standing Committee -- AN ACT REVISING TAX INCREMENT FINANCING LAWS TO EXCLUDE SCHOOL DISTRICT MILL LEVIES FROM THE CALCULATION OF THE TAX INCREMENT AFTER THE 15TH YEAR FOLLOWING ADOPTION OF THE TAX INCREMENT PROVISION; AMENDING SECTION 7-15-4286, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 321](#) -- Chapter Number Assigned -- AN ACT REVISING TARGETED ECONOMIC DEVELOPMENT DISTRICT LAWS; PROVIDING THAT THE TAX INCREMENT THAT IS NOT UTILIZED TO PAY COSTS OR BONDS BY A TARGETED ECONOMIC DISTRICT THAT HAS ISSUED BONDS MUST BE REMITTED TO TAXING JURISDICTIONS IN THE SAME MANNER AS IT WOULD HAVE BEEN DISTRIBUTED WITHOUT TAX INCREMENT FINANCING; AMENDING SECTIONS 7-15-4286, 7-15-4291, 20-9-104, AND 20-9-141, MCA; AND PROVIDING AN APPLICABILITY DATE.

## 2017

[House Bill No. 30](#) – Chapter Number Assigned - AN ACT AMENDING TAX INCREMENT PROVISIONS RELATED TO CERTAIN LOCAL MILL LEVIES; EXEMPTING LEVIES VOTED ON AFTER THE ADOPTION OF TAX INCREMENT FINANCING; AMENDING SECTION 7-15-4286, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill No. 76](#) – Chapter Number Assigned - AN ACT REQUIRING REMITTANCES OF UNUSED TAX INCREMENT TO BE MADE PROPORTIONALLY TO ALL AFFECTED TAXING JURISDICTIONS; AMENDING SECTION 7-15-4291, MCA; AND PROVIDING AN APPLICABILITY DATE.

[House Bill No. 250](#) – (H) Died in Standing Committee - AN ACT REQUIRING THE COUNTY AND SCHOOL DISTRICTS INCLUDED IN AN URBAN RENEWAL DISTRICT OR TARGETED ECONOMIC DEVELOPMENT DISTRICT TO APPROVE THE USE OF TAX INCREMENT FINANCING; AMENDING SECTIONS 7-15-4221 AND 7-15-4282, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Bill No. 359](#) – (H) Died in Standing Committee - AN ACT LIMITING TAX INCREMENT FINANCING; PROVIDING THAT PROPERTY TAX REVENUE DISTRIBUTED TO AN URBAN RENEWAL AREA OR TARGETED ECONOMIC DEVELOPMENT DISTRICT IS LIMITED TO REVENUE RECEIVED FROM LEVIES IMPOSED UNDER THE AUTHORITY OF THE LOCAL GOVERNMENT THAT ESTABLISHED THE AREA OR DISTRICT; ESTABLISHING A STATE SPECIAL REVENUE ACCOUNT ADMINISTERED BY THE DEPARTMENT OF COMMERCE FOR LOANS TO LOCAL GOVERNMENTS THAT ARE UNABLE TO PAY PRINCIPAL AND INTEREST DUE ON OUTSTANDING BONDS; PROVIDING A STATUTORY

APPROPRIATION FROM THE STATE SPECIAL REVENUE ACCOUNT; PROVIDING FOR REPAYMENT OF LOANS TO THE STATE IN FULL BY EXTENDING THE TERMINATION DATE OF CERTAIN TAX INCREMENT PROVISIONS; PROVIDING FOR A GENERAL FUND TRANSFER TO THE STATE SPECIAL REVENUE ACCOUNT; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 7-15-4282, 7-15-4283, 7-15-4286, 7-15-4291, 7-15-4292, 7-15-4293, 17-7-502, AND 71-3-1506, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

[House Bill No. 396](#) – Chapter Number Assigned - AN ACT REVISING LAWS RELATED TO TAX INCREMENT FINANCING; REQUIRING CONSULTATION WITH AFFECTED LOCAL TAXING JURISDICTIONS WHEN ADOPTING TAX INCREMENT FINANCING PROVISIONS AS PART OF AN URBAN RENEWAL PLAN OR A TARGETED ECONOMIC DEVELOPMENT DISTRICT COMPREHENSIVE PLAN AND WHEN MODIFYING AN URBAN RENEWAL PLAN RELATED TO THE USE OF GENERAL OBLIGATION BONDS; AMENDING SECTIONS 7-15-4221 AND 7-15-4282, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 403](#) – (H) Died in Standing Committee - AN ACT REQUIRING THE REMITTANCE OF TAX INCREMENT THAT EXCEEDS A PORTION OF TOTAL TAXABLE VALUE IN A MUNICIPALITY; PROVIDING THAT TOTAL INCREMENTAL TAXABLE VALUE IN EXCESS OF 5% OF TOTAL TAXABLE VALUE MUST BE REMITTED TO AFFECTED TAXING JURISDICTIONS; PROVIDING AN EXCEPTION FOR TAX INCREMENT PLEDGED TO BONDS; AMENDING SECTIONS 7-15-4282 AND 7-15-4291, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[House Bill No. 411](#) – (H) Died in Standing Committee - 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.

[House Bill No. 413](#) – (H) Died in Standing Committee - AN ACT REVISING LAWS RELATED TO USE OF TAX INCREMENT FINANCING; SUBJECTING TAX INCREMENT PROVIDED TO BUILDING OWNERS TO RECAPTURE IF A BUILDING IS TRANSFERRED WITHIN A CERTAIN TIME PERIOD; PROVIDING PROPERTY TAXPAYERS WITH THE RIGHT TO APPEAL DECISIONS OF A LOCAL GOVERNING BODY; AMENDING SECTIONS 7-15-4288 AND 17-6-316, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[House Joint Resolution No. 18](#) – (H) Filed with Secretary of State - A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING A STUDY OF URBAN RENEWAL DISTRICTS AND TARGETED ECONOMIC DEVELOPMENT DISTRICTS THAT USE TAX INCREMENT FINANCING.

[Senate Bill No. 27](#) – Chapter Number Assigned - AN ACT REVISING TAX INCREMENT FINANCING LAWS; REQUIRING A PUBLIC MEETING WITH OPPORTUNITY FOR PUBLIC COMMENT FOR URBAN RENEWAL AGENCIES; REQUIRING LOCAL GOVERNMENT ANNUAL FINANCIAL REPORTS TO INCLUDE INFORMATION ON THE FINANCIAL ACTIVITIES OF DISTRICTS USING TAX INCREMENT FINANCING; REQUIRING AN URBAN RENEWAL AGENCY TO INCLUDE CERTAIN ADDITIONAL INFORMATION IN ITS ANNUAL REPORT; AND AMENDING SECTIONS 2-7-503, 7-15-4221, 7-15-4236, 7-15-4237, AND 7-15-4279, MCA.

[Senate Bill No. 34](#) – (S) Died in Standing Committee - AN ACT REVISING LAWS RELATED TO AN URBAN RENEWAL AGENCY BOARD OF COMMISSIONERS; REQUIRING A BOARD OF COMMISSIONERS TO

INCLUDE A REPRESENTATIVE OF THE SCHOOL DISTRICT AND A REPRESENTATIVE OF THE COUNTY; AND AMENDING SECTION 7-15-4234, MCA.

[Senate Bill No. 130](#) – (S) Died in Standing Committee - AN ACT REVISING COSTS THAT MAY BE PAID WITH TAX INCREMENT FINANCING; ALLOWING USE OF TAX INCREMENTS FOR IMPROVEMENTS FOR ENERGY EFFICIENCY PURPOSES; AND AMENDING SECTION 7-15-4288, MCA.

## 2015

[House Bill No. 114](#) – Chapter Number Assigned - AN ACT CLARIFYING LAWS RELATED TO THE USAGE OF TAX INCREMENT REMITTANCES TO SCHOOL DISTRICTS TO ENSURE A REDUCTION IN LOCAL PROPERTY TAXES; PROVIDING A TRANSITION SECTION FOR A SCHOOL DISTRICT WITH AN EXISTING AGREEMENT WITH A LOCAL GOVERNMENT; PROVIDING A TIME PERIOD FOR A SCHOOL DISTRICT TO UTILIZE TAX INCREMENT REMITTANCES; AMENDING SECTIONS 7-15-4291, 20-9-104, AND 20-9-141, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND APPLICABILITY DATES.

[Senate Joint Resolution No. 31](#) – (H) Died in Standing Committee - A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING A STUDY OF TAX INCREMENT FINANCING DISTRICTS AND TARGETED ECONOMIC DEVELOPMENT DISTRICTS.

## 2013

[House Bill No. 443](#) – (S) Died in Standing Committee - AN ACT PROVIDING FOR TERMINATION OF TAX INCREMENT FINANCING; REQUIRING BONDS TO MATURE BY THE 30TH ANNIVERSARY OF A TAX INCREMENT PROVISION; AMENDING SECTION 7-15-4324, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 16](#) – Chapter Number Assigned - AN ACT AMENDING THE ENTITLEMENT SHARE PAYMENT FOR MISSOULA TAX INCREMENT FINANCING DISTRICT 1-1C; AND AMENDING SECTION 15-1-121, MCA.

[Senate Bill No. 239](#) – Chapter Number Assigned - AN ACT GENERALLY REVISING TAX INCREMENT FINANCING DISTRICT LAWS; PROVIDING FOR CREATION OF TARGETED ECONOMIC DEVELOPMENT DISTRICTS; ALLOWING COUNTIES TO CREATE TARGETED ECONOMIC DEVELOPMENT DISTRICTS AND TO USE TAX INCREMENT FINANCING; REMOVING PROVISIONS FOR CREATION OF AND BONDING IN TECHNOLOGY DISTRICTS, AEROSPACE TRANSPORTATION AND TECHNOLOGY DISTRICTS, AND INDUSTRIAL DISTRICTS; AMENDING SECTIONS 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, 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, 7-15-4322, AND 7-15-4324, MCA; REPEALING SECTIONS 7-15-4295, 7-15-4296, 7-15-4297, 7-15-4298, 7-15-4299, AND 17-5-820, MCA; AND PROVIDING AN EFFECTIVE DATE.

[Senate Joint Resolution No. 30](#) – (S) Died in Process - A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING A STUDY OF TAX INCREMENT FINANCING DISTRICTS.

## 2011

[Senate Bill No. 358](#) – Veto Override Failed in Legislature - AN ACT GENERALLY REVISING TAX INCREMENT FINANCING DISTRICT LAWS; PROVIDING FOR CREATION OF TARGETED ECONOMIC DEVELOPMENT DISTRICTS; ALLOWING COUNTIES TO CREATE TARGETED ECONOMIC DEVELOPMENT DISTRICTS AND TO USE TAX INCREMENT FINANCING; ADDING COMPONENTS THAT MUST BE INCLUDED IN AN URBAN RENEWAL PLAN; REMOVING PROVISIONS FOR CREATION OF AND BONDING IN TECHNOLOGY DISTRICTS, AEROSPACE TRANSPORTATION AND TECHNOLOGY DISTRICTS, AND INDUSTRIAL DISTRICTS; AMENDING SECTIONS 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4286, 7-15-4288, 7-15-4290, 7-15-4292, 7-15-4293, 7-15-4294, 7-15-4301, 7-15-4302, 7-15-4304, AND 7-15-4324, MCA; REPEALING SECTIONS 7-15-4295, 7-15-4296, 7-15-4297, 7-15-4298, 7-15-4299, AND 17-5-820, MCA; AND PROVIDING AN EFFECTIVE DATE.

## 2009

[House Bill No. 484](#) – (H) Died in Standing Committee - AN ACT LIMITING THE DURATION OF A TAX INCREMENT FINANCE PROVISION; PROVIDING THAT PROPERTY THAT WAS WITHIN AN URBAN RENEWAL AREA WITHIN THE PRIOR 10 YEARS MAY NOT BE INCLUDED IN A PROPOSED URBAN RENEWAL AREA; ESTABLISHING THAT AFTER JULY 1, 2009, TAX INCREMENT FINANCING MAY NOT EXTEND BEYOND 21 YEARS EVEN IF TAX INCREMENT REVENUE HAS BEEN PLEDGED TO SERVICE BONDS; AMENDING SECTIONS 7-15-4206, 7-15-4290, 7-15-4292, 7-15-4301, 7-15-4302, AND 7-15-4324, MCA; AND PROVIDING AN EFFECTIVE DATE.

[House Bill No. 653](#) – Chapter Number Assigned - AN ACT PROVIDING FOR THE ADJUSTMENT OF BASE TAXABLE VALUE IN AN URBAN RENEWAL AREA, AN INDUSTRIAL DISTRICT, OR A TECHNOLOGY DISTRICT FOR TAX INCREMENT FINANCING PURPOSES BECAUSE OF A LOCAL DISASTER; AMENDING SECTION 7-15-4293, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

[Senate Bill No. 48](#) – Chapter Number Assigned - AN ACT STANDARDIZING THE STATUTES RELATED TO TAX INCREMENT FINANCING DISTRICTS BY CORRECTING CERTAIN INTERNAL REFERENCES AND TERMINOLOGY AND BY ENSURING CONSISTENT APPLICATION OF CERTAIN STATUTES TO EACH TYPE OF TAX INCREMENT FINANCING DISTRICT; AMENDING SECTIONS 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4286, 7-15-4288, 7-15-4290, 7-15-4292, 7-15-4293, 7-15-4294, 7-15-4295, 7-15-4296, 7-15-4299, 7-15-4301, 7-15-4302, 7-15-4304, 7-15-4324, AND 17-5-820, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

[Senate Bill No. 419](#) – (S) Died in Standing Committee - AN ACT REVISING TAX INCREMENT FINANCING DISTRICT LAWS; ALLOWING A COUNTY TO CREATE A COUNTY ROAD IMPROVEMENT AND MAINTENANCE TAX INCREMENT FINANCING DISTRICT; STANDARDIZING THE STATUTES RELATED TO TAX INCREMENT FINANCING DISTRICTS BY CORRECTING CERTAIN INTERNAL REFERENCES AND TERMINOLOGY AND BY ENSURING CONSISTENT APPLICATION OF CERTAIN STATUTES TO EACH TYPE OF TAX INCREMENT FINANCING DISTRICT; AMENDING SECTIONS 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4286, 7-15-4288, 7-15-4290, 7-15-4292, 7-15-4293, 7-15-4294, 7-15-4295, 7-15-4296, 7-15-4299, 7-15-4301, 7-15-4302, 7-15-4304, AND 7-15-4324, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

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