

**Unofficial Draft Copy**

As of: June 25, 2018 (5:26pm)

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\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of the \*\*\*\*\*

A Bill for an Act entitled: "An Act revising tax increment financing laws; clarifying that a local governing body exercises final decision-making authority for urban renewal districts and targeted economic development districts with a tax increment financing provision; 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; amending sections 7-15-4231, 7-15-4279, and 7-15-4282, MCA; and providing an applicability date."

Be it enacted by the Legislature of the State of Montana:

**Section 1.** Section 7-15-4231, MCA, is amended to read:

**"7-15-4231. Exercise of powers related to urban renewal.**

(1) A municipality may ~~itself~~ exercise its urban renewal project powers ~~as herein defined~~ or may, if the local governing body by resolution determines such action to be in the public interest, elect to have ~~such~~ urban renewal project powers exercised by the urban renewal agency created by 7-15-4232 or a department or other officers of the municipality as ~~they are~~ authorized to ~~exercise~~ under this part and part 43.

(2) The local governing body shall exercise final decision-

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making authority for annual budgets, urban renewal plans and comprehensive development plans, neighborhood development programs, and contracts for the purchase or sale of real or personal property for all urban renewal districts and targeted economic development districts within the local government's jurisdiction."

{*Internal References to 7-15-4231:*

7-15-4239x 7-15-4239x 7-15-4281x 7-15-4281x}

**Section 2.** Section 7-15-4279, MCA, is amended to read:

**"7-15-4279. Targeted economic development districts.** (1) A local government may, by ordinance and following a public hearing, authorize the creation of a targeted economic development district in support of value-adding economic development projects. The purpose of the district is the development of infrastructure to encourage the location and retention of value-adding projects in the state.

(2) A targeted economic development district:

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

(b) must be zoned:

(i) for uses by a local government under Title 76, chapter 2, part 2 or 3, in accordance with the area growth policy, as defined in 76-1-103; or

(ii) if a county has not adopted a growth policy, then for uses in accordance with the development pattern and zoning

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regulations or the development district adopted under Title 76, chapter 2, part 1;

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

(d) must, prior to its creation, be found to be deficient in infrastructure improvements as stated in the resolution of necessity adopted under 7-15-4280;

(e) must, prior to its creation, have in place a comprehensive development plan adopted by the local governments that ensures that the district can host a diversified tenant base of multiple independent tenants; and

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

(3) The local government may use tax increment financing pursuant to the provisions of 7-15-4282 through 7-15-4294 for the targeted economic development district. If the local government uses tax increment financing, the use of and purpose for tax increment financing must be specified in the comprehensive development plan required in subsection (2)(e). The plan must also describe how the expenditure of tax increment will promote the development of infrastructure to encourage the location and retention of value-adding projects in the targeted economic development district.

(4) The local governing body shall exercise final decision-making authority for annual budgets, comprehensive development plans, neighborhood development programs, and contracts for the

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purchase or sale of real or personal property for all targeted economic development districts within the local government's jurisdiction.

~~(4)~~(5) For the purposes of 7-15-4277 through 7-15-4280:

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

(b) "secondary value-adding industry" means a business that produces secondary value-added products or commodities or a business or organization that is engaged in technology-based operations within Montana that, through the employment of knowledge or labor, adds value to a product, process, or export service resulting in the creation of new wealth."

{*Internal References to 7-15-4279:*

7-15-4277 \*x 7-15-4282x 7-15-4283 \*x 7-15-4283 \*x}

**Section 3.** Section 7-15-4282, MCA, is amended to read:

**"7-15-4282. Authorization for tax increment financing.** (1)

An urban renewal plan as defined in 7-15-4206 or a targeted economic development district comprehensive development plan created as provided in 7-15-4279 may contain a provision or be amended to contain a provision for the segregation and application of tax increments as provided in 7-15-4282 through 7-15-4294.

(2) (a) Before adopting a tax increment financing provision

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as part of an urban renewal plan or a comprehensive development plan, a municipality shall provide notice to the county and the school district ~~or targeted economic development district~~ in which the urban renewal district or targeted economic development district is located and provide the county and school district with the opportunity to meet and consult in a public meeting with the opportunity for public comment regarding the proposed tax increment financing provision and its effect on the county or school district.

(b) Before adopting a tax increment financing provision as part of a comprehensive development plan, a county shall provide notice to the school district in which the targeted economic development district is located and provide the school district with the opportunity to meet and consult in a public meeting with the opportunity for public comment regarding the proposed tax increment financing provision and its effect on the school district.

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

(4) Except as provided in subsection (5), a local governing body may not adopt a tax increment financing provision or expand an urban renewal district or targeted economic development district with a tax increment financing provision if the total base taxable value of all urban renewal districts and targeted economic development districts with a tax increment financing provision within the local governing body's jurisdiction exceeds

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35% of the total certified taxable value of the jurisdiction as reported by the department of revenue in the previous calendar year.

(5) (a) If the base taxable value of the urban renewal districts and targeted economic development districts with a tax increment financing provision exceeds the limit provided for in subsection (4), the local government shall perform an analysis of the impact of the proposed adoption of a tax incrementing financing provision or expansion of an existing district on all affected taxing jurisdictions.

(i) A municipality shall provide notice to the county and the school district in which the district provided for in subsection (5)(a) is located and provide the county and school district with the opportunity to meet and consult regarding the proposed adoption of a tax increment financing provision or expansion of a district and the scope of the impact analysis required in subsection (5)(a).

(ii) A county or consolidated city-county shall provide notice to the school district in which the district provided for in subsection (5)(a) is located and provide the school district with the opportunity to meet and consult regarding the proposed adoption of a tax increment financing provision or expansion of a district and the scope of the impact analysis required in subsection (5)(a).

(b) Prior to approving the adoption of a tax increment financing provision or the expansion of an existing district with a tax increment financing provision that will exceed the limit

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provided for in subsection (4), the local governing body shall hold a public hearing on the proposal and the impact analysis required in subsection (5)(a)."

{*Internal References to 7-15-4282:*

2-7-503x 7-15-4279 \*x 7-15-4283 \*x 7-15-4283 \*x  
7-15-4286 \*x 7-15-4291 \*x 7-15-4301 \*x 7-15-4324 \*x}

NEW SECTION. **Section 4. {standard} Applicability.** [This act] applies to the creation or expansion of an urban renewal district or targeted economic development district with a tax increment financing provision under Title 17, chapter 15, part 42, on or after [the effective date of this act].

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