

THE MYTHS

"Urban Renewal Districts and Targeted Economic Development Districts increase property taxes for the land owners within the district"

— Actually No—

Property owners pay at the same tax rate as those outside the district; however as property values increase overtime the difference between the base year and current year property taxes are captured by the district.

"Urban Renewal Districts and Targeted Economic Development Districts can last forever"

— Actually No—

Montana law allows for districts to last for 15 years unless bonds are sold (with a maximum term of 25 years), in which case the district will last until the bond obligation is paid. The current average term of existing districts is 18 years and 20 years for sunsetted districts. To date, no district has lasted longer than 34 years.

"Tax Increment dollars can be spent without public input"

—Actually No—

These are tax dollars and the normal public budgeting process of the governing body MUST be followed.

"Tax Increment takes money from the schools"

—Actually No—

All taxes that are derived from the base taxable value are distributed to all taxing jurisdictions. Only taxes that result from growth inside the district are directed to urban renewal or targeted economic development projects.

PARTNERS

TAX INCREMENT FINANCING THE POSITIVE IMPACT

"TIF is one of the few tools we have available to publicly assist the private investment that is required to restore and revitalize vacant and/or under performing properties in our urban areas.



TIF has been enormously successful in the revitalization of downtown Billings."
Randy Hafer, FAIA, LEED AP_{BD+C}
President, CEO

"The financial resources, the location, the networking that we receive to put a viable business project together using TIFID support is absolutely critical to a sound business infrastructure plan that is unequal in Montana. No doubt, there are jobs created that would not



be created otherwise in Montana without the support of TIFID.
Ron Ueland
Montana Craft Malt

TAX INCREMENT IN MONTANA

NORTHERN HOTEL
Billings, MT



**A LOCALLY
DRIVEN ECONOMIC
DEVELOPMENT
TOOL**

LOOKING FOR MORE INFORMATION?

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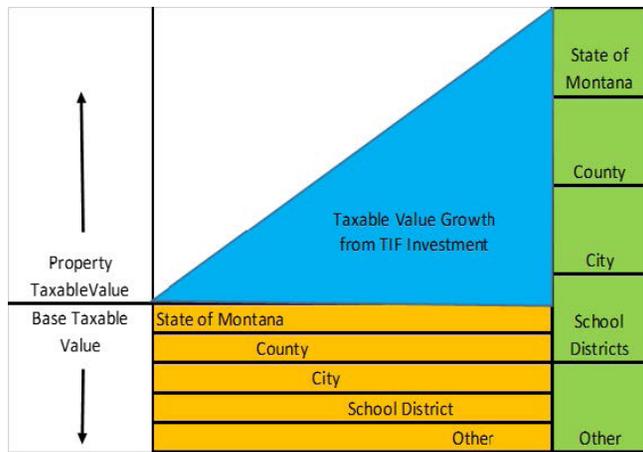
OLD SAWMILL DISTRICT
Missoula, MT



STAPLETON BUILDING
Billings, MT

QUICK FACTS

- ✓ 61 URA/TEDDs exist in Montana as of 2015
- ✓ Existing URA/TEDDs have created \$51 million in taxable value
- ✓ 13 districts have sunsetted creating \$17 million in Taxable Value to date
- ✓ Another potential \$16 million in Taxable Value will be added in the next 5 years from sunseting districts
- ✓ Total value of all URD/TEDD in state as a percentage of state total taxable value
- ✓ Growth of state income tax revenues???
- ✓ \$ Spent on Infrastructure projects with TIF?
- ✓ Return on Investment? Leverage
- ✓ Difference of taxable value growth inside a district vs outside a district



HOW IS INCREMENT CREATED?

Once a district is established, its base taxable value is certified by the Department of Revenue. The base year is identified in the ordinance establishing the district and it is typically January 1st of the year in which the ordinance becomes effective. For example, if the district is approved by the local government in December 2016, the base year will then be 2016. The Base Taxable Value will be certified by DOR as of 01/01/2016. The first year a district would be able to receive any increment would be based upon taxable value of 01/01/2017. No actual finds are available to the district until November of 2017 when the first half property tax payments are received. Local Governments are allowed to accrue increment over time to allow for meaningful projects to be undertaken in the district.

TAX INCREMENT IN ACTION

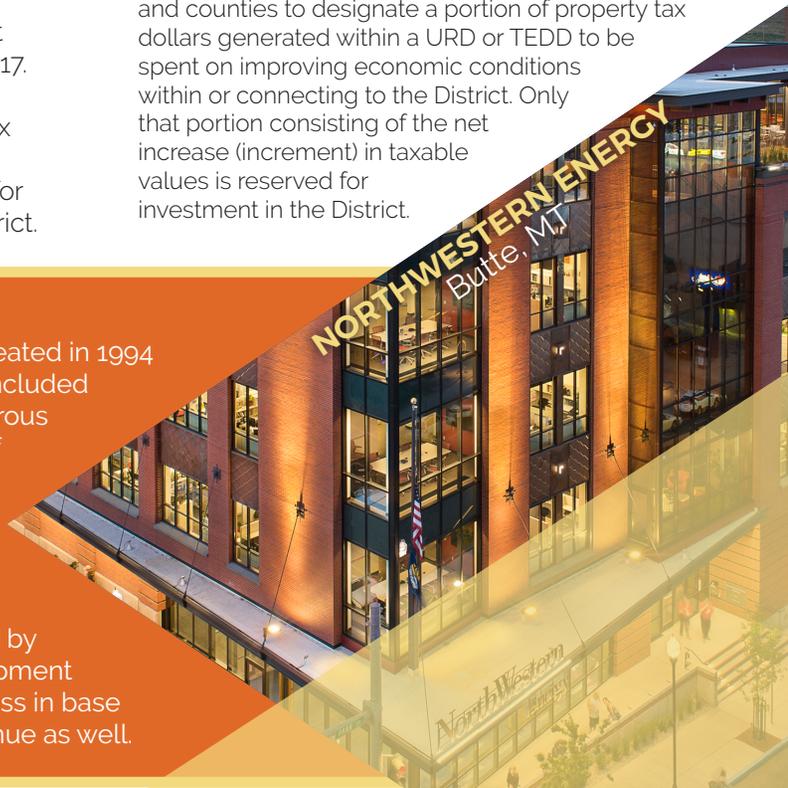
In Butte-Silver Bow, the Ramsay TIFID #2 was created in 1994 with a taxable base value of \$1.7 million, which included \$1.6 million of taxable value for Solvay (Phosphorous Plant). Unfortunately, in 2017 the taxable value of Solvay had decreased to \$28,000. Because of TIF financing however, the loss of tax revenue did not impact Butte-Silver Bow taxing jurisdictions! In 1996 REC Silicon developed a \$500 million facility in the Ramsay TIFID, utilizing infrastructure assistance provided by TIF financing. As a result, the REC Silicon development was significant enough to not only replace the loss in base value but to generate additional increment revenue as well.

KEY TERMS

Urban Renewal District (URD) (§7-15-4209 MCA)
A URD is an area within a city, town, or consolidated city-county which is created to address a blighted area within its' boundaries. The proposed area must contain at least three conditions of blight as defined in §7-15-4206(2) to qualify as a URD. URD's can be governed by the local government or by an **Urban Renewal Agency (URA)** which is authorized by the local government to carry out the powers allowed by state law. URD's under-take projects outlined in the Urban Renewal Plan, adopted for the District, to address the conditions of blight in order to improve economic conditions within the URD.

Targeted Economic Development District (TEDD) (§7-15-4278 MCA) - A TEDD is an infrastructure-deficient area within a city, town, county, or consolidated city-county. The goal of a TEDD is to improve conditions within the District which constitute an impediment to value-adding industrial development. TEDDs are governed by the local government, which generally utilizes an advisory board for assistance. TEDDs undertake projects outlined in the Comprehensive Development Plan adopted for the District.

Tax Increment Financing (TIF) -TIF is a state authorized, locally driven, funding provision that enables cities and counties to designate a portion of property tax dollars generated within a URD or TEDD to be spent on improving economic conditions within or connecting to the District. Only that portion consisting of the net increase (increment) in taxable values is reserved for investment in the District.



NORTHWESTERN ENERGY
Butte, MT