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SENATE BILL NO. 523

INTRODUCED BY G. HERTZ

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAX INCREMENT FINANCING LAWS;
~~REQUIRING THE QUALIFIED ELECTORS TO APPROVE A TAX INCREMENT FINANCING PROVISION;~~
~~REQUIRING THE QUALIFIED ELECTORS TO APPROVE THE ISSUANCE OF BONDS PAID WITH TAX~~
~~INCREMENT; ALLOWING THE QUALIFIED ELECTORS OF AN URBAN RENEWAL AREA OR TARGETED~~
~~ECONOMIC DEVELOPMENT DISTRICT TO REQUEST AN ELECTION TO APPROVE PROVISIONS~~
~~RELATED TO TAX INCREMENT FINANCING, REMOVING SCHOOL LEVIES FROM THE CALCULATION OF~~
THE TAX INCREMENT FOR CERTAIN DISTRICTS; LIMITING TAX INCREMENT FINANCING PROVISIONS
TO ~~20~~ 30 YEARS FOR CERTAIN DISTRICTS; PROVIDING THAT EXISTING TAX INCREMENT FINANCING
PROVISIONS THAT EXCEED ~~20~~ 30 YEARS MAY ONLY RETAIN INCREMENT SUFFICIENT TO PAY
BONDS FOR CERTAIN DISTRICTS; REQUIRING THE LOCAL GOVERNING BODY TO APPROVE ALL
EXPENDITURES OF TAX INCREMENT; PROHIBITING THE ADOPTION OF A TAX INCREMENT
FINANCING PROVISION IF THE INCREMENTAL TAXABLE VALUE OF ALL URBAN RENEWAL AREAS
THAT HAVE ADOPTED TAX INCREMENT FINANCING PROVISIONS EXCEEDS 7% OF THE TOTAL
TAXABLE VALUE OF THE TAXING JURISDICTION FOR CERTAIN DISTRICTS; LIMITING THE
EXPENDITURE OF TAX INCREMENT FOR ADMINISTRATIVE COSTS FOR CERTAIN DISTRICTS;
PROVIDING THAT BOND LEVIES ARE NOT INCLUDED IN THE TAX INCREMENT CALCULATION;
~~PROHIBITING THE USE OF TAX INCREMENT TO PURCHASE LAND; ALLOWING THE USE OF TAX~~
INCREMENT FOR ROAD CONSTRUCTION; REVISING DEFINITIONS; AMENDING SECTIONS 7-15-4206,
7-15-4210, 7-15-4211, ~~7-15-4215~~, 7-15-4221, 7-15-4232, 7-15-4233, ~~7-15-4258~~, ~~7-15-4259~~, 7-15-4282, 7-15-
4283, 7-15-4286, 7-15-4288, 7-15-4289, ~~7-15-4290~~, ~~7-15-4291~~, 7-15-4292, ~~7-15-4301~~, ~~7-15-4302~~, 7-15-4324,
17-6-316, 70-30-102, AND 71-3-1506, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN
APPLICABILITY DATE."

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

1 NEW SECTION. SECTION 1. PROCEDURE FOR INITIATIVE OR REFERENDUM ELECTION. (1) (A) THE
2 ELECTORS OF ~~AN~~ a city, county, or consolidated city-county that adopted or proposes adopting a tax increment
3 provision for an URBAN RENEWAL AREA OR TARGETED ECONOMIC DEVELOPMENT DISTRICT MAY, BY PETITION, REQUEST
4 AN ELECTION ON WHETHER TO:

5 (I) AMEND AN URBAN RENEWAL PLAN OR COMPREHENSIVE DEVELOPMENT PLAN TO ADOPT A TAX
6 INCREMENT PROVISION PURSUANT TO 7-15-4282;

7 (II) EXTEND A TAX INCREMENT PROVISION PURSUANT TO 7-15-4292;

8 (III) ISSUE BONDS TO FINANCE THE UNDERTAKING OF ANY URBAN RENEWAL PROJECT OR TARGETED
9 ECONOMIC DEVELOPMENT DISTRICT PROJECT PURSUANT TO 7-15-4301; OR

10 (IV) USE TAX INCREMENT TO PURCHASE LAND.

11 (B) THE FORM OF THE PETITION MUST BE APPROVED BY THE COUNTY ELECTION ADMINISTRATOR. A
12 PETITION SIGNED BY AT LEAST 15% OF THE QUALIFIED ELECTORS OF THE ~~URBAN RENEWAL AREA OR TARGETED~~
13 ~~ECONOMIC DEVELOPMENT DISTRICT~~ city, county, or consolidated city-county that adopted or proposed adopting a
14 tax increment provision IS SUFFICIENT TO REQUIRE AN ELECTION.

15 (2) IF AN APPROVED PETITION CONTAINING SUFFICIENT SIGNATURES IS FILED WITHIN 60 DAYS OF THE
16 PUBLIC HEARING ON THE ITEMS PROVIDED FOR IN SUBSECTION (1)(A), A PETITION REQUESTING AN ELECTION ON
17 WHETHER TO PROCEED DELAYS THE EFFECTIVE DATE UNTIL THE QUESTION IS RATIFIED BY THE ELECTORS.

18 (3) A PETITION OR RESOLUTION FOR AN ELECTION MUST:

19 (A) EMBRACE ONLY A SINGLE COMPREHENSIVE SUBJECT; AND

20 (B) BE IN THE FORM PRESCRIBED IN TITLE 13, CHAPTER 27.

21 (4) AN ELECTION HELD PURSUANT TO THIS SECTION MUST BE CONDUCTED IN CONJUNCTION WITH THE
22 NEXT LOCAL GOVERNMENT ELECTION HELD IN ACCORDANCE WITH TITLE 13, CHAPTER 1, PART 4, EXCEPT THAT IF THE
23 PETITION ASKS FOR A SPECIAL ELECTION, SPECIFIES AN ELECTION DATE THAT COMPLIES WITH 13-1-405, AND IS SIGNED
24 BY AT LEAST 25% OF THE QUALIFIED ELECTORS, A SPECIAL ELECTION MUST BE HELD ON THE DATE SPECIFIED IN THE
25 PETITION.

26 (5) IF A MAJORITY OF THOSE VOTING ON THE QUESTION APPROVE THE PROPOSAL, IT BECOMES EFFECTIVE
27 WHEN THE ELECTION RESULTS ARE OFFICIALLY DECLARED, UNLESS OTHERWISE STATED IN THE PROPOSAL.

28

1 **Section 2.** Section 7-15-4206, MCA, is amended to read:

2 **"7-15-4206. Definitions.** The following terms, wherever used or referred to in part 43 or this part,
3 have the following meanings unless a different meaning is clearly indicated by the context:

4 (1) "Agency" or "urban renewal agency" means a public agency created by 7-15-4232.

5 (2) "Blighted area" means an area:

6 (a) that is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency,
7 and crime, that substantially impairs or arrests the sound growth of the locality OR IS DETRIMENTAL TO OR

8 CONSTITUTES A MENACE TO PUBLIC HEALTH, SAFETY, OR WELFARE; and

9 (b) with a taxable value, on average, over the prior 10 years of 10% or more less than the taxable
10 value of the taxing jurisdiction as a whole. The calculation of taxable value pursuant to this subsection (2)(b)

11 must exclude changes in taxable value resulting from a change in property classification. city or its environs,

12 that retards the provision of housing accommodations, or that constitutes an economic or social liability or is

13 detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and

14 use, by reason of:

15 ~~(a) the substantial physical dilapidation, deterioration, age obsolescence, or defective construction,~~
16 ~~material, and arrangement of buildings or improvements, whether residential or nonresidential;~~

17 ~~(b) inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined~~
18 ~~by competent appraisers on the basis of an examination of the building standards of the municipality;~~

19 ~~(c) inappropriate or mixed uses of land or buildings;~~

20 ~~(d) high density of population and overcrowding;~~

21 ~~(e) defective or inadequate street layout;~~

22 ~~(f) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;~~

23 ~~(g) excessive land coverage;~~

24 ~~(h) unsanitary or unsafe conditions;~~

25 ~~(i) deterioration of site;~~

26 ~~(j) diversity of ownership;~~

27 ~~(k) tax or special assessment delinquency exceeding the fair value of the land;~~

28 ~~(l) defective or unusual conditions of title;~~

Amendment - 1st Reading/2nd House-blue - Requested by: Greg Hertz - (H) Taxation

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

SB0523.002.002

1 ~~(m) improper subdivision or obsolete platting;~~

2 ~~(n) the existence of conditions that endanger life or property by fire or other causes; or~~

3 ~~(o) any combination of the factors listed in this subsection (2).~~

4 (3) "Bonds" means any bonds, notes, or debentures, including refunding obligations, authorized to
5 be issued pursuant to part 43 or this part.

6 (4) "Clerk" means the clerk or other official of the municipality who is the custodian of the official
7 records of the municipality.

8 (5) "Elected" means chosen by vote or acclamation or appointed to a vacancy in an otherwise
9 elected position.

10 (6) "Federal government" means the United States of America or any agency or instrumentality,
11 corporate or otherwise, of the United States of America.

12 (7) "Local governing body" means the elected members of a council or other elected members of a
13 legislative body charged with governing a municipality or consolidated city-county.

14 (8) "Mayor" means the chief executive of a city or town.

15 (9) "Municipality" means any incorporated city or town in the state.

16 (10) "Neighborhood development program" means the yearly activities or undertakings of a
17 municipality in a blighted area of an urban renewal area ~~or areas~~ if the municipality elects to undertake activities
18 on an annual increment basis.

19 (11) "Obligee" means any bondholder or agent or trustee for any bondholder or lessor conveying to
20 the municipality property used in connection with an urban renewal project or any assignee or assignees of the
21 lessor's interest or any part of the interest and the federal government when it is a party to any contract with the
22 municipality.

23 (12) "Person" means any individual, firm, partnership, corporation, company, association, joint-stock
24 association, or school district and includes any trustee, receiver, assignee, or other person acting in a similar
25 representative capacity.

26 (13) "Public body" means the state or any municipality, township, board, commission, district, or
27 other subdivision or public body of the state.

28 (14) "Public officer" means any officer who is in charge of any department or branch of the

1 government of the municipality relating to health, fire, building regulations, or other activities concerning
2 dwellings in the municipality.

3 (15) "Public use" means:

4 (a) a public use enumerated in 70-30-102; or

5 (b) a project financed by the method provided for in 7-15-4288.

6 (16) "Real property" means all lands, including improvements and fixtures on the land, all property
7 of any nature appurtenant to the land or used in connection with the land, and every estate, interest, right, and
8 use, legal or equitable, in the land, including terms for years and liens by way of judgment, mortgage, or
9 otherwise.

10 (17) "Redevelopment" may include:

11 (a) acquisition of a blighted area or portion of the area;

12 (b) demolition and removal of buildings and improvements in a blighted area;

13 (c) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other
14 improvements necessary for carrying out in the blighted area the urban renewal provisions of this part in
15 accordance with the urban renewal plan; and

16 (d) making the land available in a blighted area for development or redevelopment by private
17 enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself, at its fair value
18 for uses in accordance with the urban renewal plan. If the property is condemned pursuant to Title 70, chapter
19 30, the private enterprise or public agencies may not develop the condemned area in a way that is not for a
20 public use.

21 (18) (a) "Rehabilitation" ~~may include~~ means the restoration and renewal of a blighted area or portion
22 of the area in accordance with an urban renewal plan by:

23 (i) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of
24 buildings or other improvements;

25 (ii) acquisition of real property and demolition or removal of buildings and improvements on the
26 property when necessary to eliminate unhealthful, unsanitary, or unsafe conditions, to lessen density, to reduce
27 traffic hazards, to eliminate obsolete or other uses detrimental to the public welfare, to otherwise remove or
28 prevent the spread of blight or deterioration, or to provide land for needed public facilities;

1 (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other
2 improvements necessary for carrying out in the area the urban renewal provisions of this part; and

3 (iv) subject to 7-15-4259(4), the disposition of any property acquired in the urban renewal area,
4 including sale, initial leasing, or retention by the municipality itself, at its fair value for uses in accordance with
5 the urban renewal plan.

6 (b) Rehabilitation may not include the development of the condemned area in a way that is not for
7 a public use if the property is condemned pursuant to Title 70, chapter 30.

8 (19) "Urban renewal area" means a blighted area that the local governing body designates as
9 appropriate for an urban renewal project or projects.

10 (20) "Urban renewal plan" means a plan for one or more urban renewal areas or for an urban
11 renewal project. The plan:

12 (a) must conform to the growth policy if one has been adopted pursuant to Title 76, chapter 1; and

13 (b) must be sufficiently complete to indicate, on a yearly basis or otherwise:

14 (i) any land acquisition, demolition, and removal of structures; redevelopment; improvements; and
15 rehabilitation that is proposed to be carried out in the urban renewal area;

16 (ii) zoning and planning changes, if any, including changes to the growth policy if one has been
17 adopted pursuant to Title 76, chapter 1;

18 (iii) land uses, maximum densities, building requirements; and

19 (iv) the plan's relationship to definite local objectives respecting appropriate land uses, improved
20 traffic, public transportation, public utilities, recreational and community facilities, and other public
21 improvements.

22 (21) (a) "Urban renewal project" may include undertakings or activities of a municipality in an urban
23 renewal area for the elimination ~~and for the prevention of the development or spread~~ of blight and may involve
24 redevelopment in an urban renewal area, rehabilitation ~~or conservation~~ in an urban renewal area, or any
25 combination or part of redevelopment, or rehabilitation, ~~or conservation~~ in accordance with an urban renewal
26 plan.

27 (b) An urban renewal project may not include using property that was condemned pursuant to Title
28 70, chapter 30, for anything other than a public use."

- 1 ~~(2) — The notice must:~~
- 2 ~~(a) — describe the time, date, place, and purpose of the hearing;~~
- 3 ~~(b) — specify the proposed boundary of the urban renewal area affected;~~
- 4 ~~(c) — outline the general scope of the urban renewal plan under consideration;~~
- 5 ~~(d) — specify the goals the municipality has in the rehabilitation and renewal of the area; and~~
- 6 ~~(e) — indicate the method of financing the urban renewal area and whether the municipality intends~~
- 7 ~~to use tax increment financing and request voter approval for bonds to be paid from tax increment financing. "~~

9 **Section 5.** Section 7-15-4221, MCA, is amended to read:

10 **"7-15-4221. Modification of urban renewal project plan.** (1) An urban renewal project plan may be
11 modified at any time by the local governing body. If modified after the lease or sale by the municipality of real
12 property in the urban renewal project area, the modification is subject to any rights at law or in equity that a
13 lessee or purchaser or the lessee's or purchaser's successor or successors in interest may be entitled to assert.

14 (2) An urban renewal plan may be modified by ordinance.

15 (3) (a) Before modifying an urban renewal plan to provide tax increment financing for the district or
16 to use bonds as provided in 7-15-4218, the municipality shall provide notice to the county ~~and the school district~~
17 in which the urban renewal ~~district area~~ is located and provide the county ~~and the school district~~ with the
18 opportunity to meet and consult in a public meeting with the opportunity for public comment regarding the effect
19 on the county ~~or school district~~.

20 (b) If the school district mill levies will be included in the calculation of the tax increment under 7-
21 15-4286(1)(a), before modifying an urban renewal plan to provide tax increment financing for the district or to
22 use bonds as provided in 7-15-4218, the municipality shall provide notice to the school district in which the
23 urban renewal area is located and provide the school district with the opportunity to meet and consult in a public
24 meeting with the opportunity for public comment regarding the effect on the school district.

25 ~~(b)(c)~~ The tax increment financing provision must be proposed with consideration for the county ~~and~~
26 ~~school districts that include~~ includes ~~and school district that includes~~ municipal territory.

27 ~~(4) — All urban renewal plans approved or modified by resolution prior to May 8, 1979, are validated.~~

28 ~~(5)~~(4) A plan may be modified by:

1 (a) the procedure set forth in 7-15-4212 through 7-15-4219 with respect to adoption of an urban
2 renewal plan;

3 (b) the procedure set forth in the plan, which must include a public hearing and approval by the
4 local governing body of all expenditures of revenue from tax increment financing."

5

6 **Section 6.** Section 7-15-4232, MCA, is amended to read:

7 **"7-15-4232. Authorization to assign urban renewal powers to municipal departments or to**
8 **create urban renewal agency.** (1) When a municipality has made the finding prescribed in 7-15-4210 and has
9 elected to have the urban renewal project powers exercised as specified in 7-15-4233:

10 ~~(1)(a)~~ such the urban renewal project powers may be assigned to a department or other officers of
11 the municipality or to any existing public body corporate; or

12 ~~(2)(b)~~ the legislative body of a city may create an urban renewal agency in ~~such the~~ municipality, to
13 be known as a public body corporate, to which ~~such the~~ powers may be assigned.

14 (2) The local governing body shall approve all expenditures of revenue from tax increment
15 financing."

16

17 **Section 7.** Section 7-15-4233, MCA, is amended to read:

18 **"7-15-4233. Powers which may be exercised by urban renewal agency or authorized**
19 **department.** (1) In the event the local governing body makes the determination provided for in 7-15-4232, the
20 local governing body may authorize the urban renewal agency or department or other officers of the
21 municipality to exercise any of the following urban renewal project powers:

22 (a) to formulate and coordinate a workable program as specified in 7-15-4209;

23 (b) to prepare urban renewal plans, except that the local governing body shall approve the
24 inclusion of a tax increment provision;

25 (c) to prepare recommended modifications to an urban renewal project plan;

26 (d) to undertake and carry out urban renewal projects ~~as required~~ approved by the local governing
27 body;

28 (e) to make and execute contracts as specified in 7-15-4251, 7-15-4254, 7-15-4255, and 7-15-

1 ~~(5) — A municipality may not use tax increment to acquire land. "~~

2

3 **Section 9.** Section 7-15-4259, MCA, is amended to read:

4 ~~"7-15-4259. — Exercise of power of eminent domain. (1) After the adoption by the local governing~~
5 ~~body of a resolution declaring that the acquisition of the real property described in the resolution is necessary~~
6 ~~for an urban renewal project under this part, a municipality may acquire by condemnation, as provided in Title~~
7 ~~70, chapter 30, any interest in real property that it considers necessary for urban renewal.~~

8 ~~(2) — Condemnation for urban renewal of blighted areas, as defined in 7-15-4206 (2)(a), (2)(h),~~
9 ~~(2)(k), or (2)(n), is a public use, and property already devoted to any other public use or acquired by the owner~~
10 ~~or the owner's predecessor in interest by eminent domain may be condemned for the purposes of this part.~~

11 ~~(3) — The award of compensation for real property taken for an urban renewal project may not be~~
12 ~~increased by reason of any increase in the value of the real property caused by the assembly, clearance, or~~
13 ~~reconstruction or proposed assembly, clearance, or reconstruction in the project area. An allowance may not be~~
14 ~~made for the improvements begun on real property after notice to the owner of the property of the institution of~~
15 ~~proceedings to condemn the property. Evidence is admissible bearing upon the unsanitary, unsafe, or~~
16 ~~substandard condition of the premises or the unlawful use of the premises.~~

17 ~~(4) — A city or town may not serve as a pass-through entity by using its power of eminent domain, as~~
18 ~~provided in Title 70, chapter 30, to obtain property with the intent to sell, lease, or provide the property to a~~
19 ~~private entity.~~

20 ~~(5) — A municipality may not use tax increment to acquire land."~~

21

22 **Section 8.** Section 7-15-4282, MCA, is amended to read:

23 ~~"7-15-4282. Authorization for tax increment financing. (1) An Except as provided in subsection (2)~~
24 ~~AND SUBJECT TO SUBSECTION (5), an urban renewal plan as defined in 7-15-4206 or a targeted economic~~
25 ~~development district comprehensive development plan created as provided in 7-15-4279 may contain a~~
26 ~~provision or be amended to contain a tax increment provision as provided in 7-15-4282 through 7-15-4294. The~~
27 ~~local governing body shall approve submit the question of the adoption of a tax increment provision included in~~
28 ~~an urban renewal plan. The legislative body of a local government shall approve the adoption of a tax increment~~

1 ~~provision included in a targeted economic development district comprehensive development plan to the~~
 2 ~~qualified electors of the local government.~~ APPROVE THE ADOPTION OF A TAX INCREMENT PROVISION INCLUDED IN AN
 3 URBAN RENEWAL PLAN. THE LEGISLATIVE BODY OF A LOCAL GOVERNMENT SHALL APPROVE THE ADOPTION OF A TAX
 4 INCREMENT PROVISION INCLUDED IN A TARGETED ECONOMIC DEVELOPMENT DISTRICT COMPREHENSIVE DEVELOPMENT
 5 PLAN. The local governing body shall approve all expenditures of revenue from tax increment financing.

6 ~~(2) The question of amending an AN urban renewal plan MAY NOT BE AMENDED to contain a tax~~
 7 ~~increment provision may not be submitted to the qualified electors if:~~

8 ~~(a) the total incremental taxable value of all urban renewal areas that have adopted a tax~~
 9 ~~increment provision within the taxing jurisdiction exceeds 7% of the total taxable value of the taxing jurisdiction;~~
 10 ~~and~~

11 ~~(b) the total annual tax increment of all urban renewal areas within the taxing jurisdiction exceeds~~
 12 ~~\$6 million in the prior year.~~

13 ~~(2)(3) (a) (a) Before adopting a submitting the question of whether to adopt ADOPTING a tax increment~~
 14 ~~financing provision as part of an urban renewal plan or a comprehensive development plan to the qualified~~
 15 ~~electors, a municipality shall provide notice to the county and the school district in which the urban renewal~~
 16 ~~district area or targeted economic development district is located and provide the county and school district with~~
 17 ~~the opportunity to meet and consult in a public meeting with the opportunity for public comment regarding the~~
 18 ~~proposed tax increment financing provision and its effect on the county or school district. If the school district~~
 19 ~~mill levies will be included in the calculation of the tax increment under 7-15-4286(1)(a), a municipality shall~~
 20 ~~provide notice to the school district in which the urban renewal area or targeted economic development district~~
 21 ~~is located and provide the school district the opportunity to meet and consult in a public meeting with the~~
 22 ~~opportunity for public comment regarding the proposed tax increment financing provision and its effect on the~~
 23 ~~school district.~~

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

1 (b) If the school district mill levies will be included in the calculation of the tax increment under 7-
 2 15-4286(1)(a), a county shall provide notice before adopting a tax increment financing provision as part of a
 3 comprehensive development plan to the school district in which the targeted economic development district is
 4 located and provide the school district with the opportunity to meet and consult in a public meeting with the
 5 opportunity for public comment regarding the proposed tax increment financing provision and its effect on the
 6 school district.

7 ~~(3)(4)~~ The tax increment financing provision must take into account the effect on the county and
 8 school districts ~~that include~~ includes and school districts that include local government territory.

9 (5) THE LOCAL GOVERNING BODY SHALL HOLD A PUBLIC HEARING BEFORE ADOPTING A TAX INCREMENT
 10 PROVISION. PURSUANT TO [SECTION 1], THE QUALIFIED ELECTORS OF THE URBAN RENEWAL AREA OR TARGETED
 11 ECONOMIC DEVELOPMENT DISTRICT MAY, BY PETITION, REQUEST AN ELECTION ON WHETHER TO ADOPT A TAX
 12 INCREMENT PROVISION."

14 **Section 9.** Section 7-15-4283, MCA, is amended to read:

15 **"7-15-4283. Definitions related to tax increment financing.** For purposes of 7-15-4277 through 7-
 16 15-4280 and 7-15-4282 through 7-15-4294, the following definitions apply unless otherwise provided or
 17 indicated by the context:

18 (1) "Actual taxable value" means the taxable value of all taxable property at any time, as calculated
 19 from the property tax record.

20 (2) "Base taxable value" means the actual taxable value of all taxable property within an urban
 21 renewal area or targeted economic development district as it appears on the property tax record prior to the
 22 effective date of a tax increment financing provision. This value may be adjusted as provided in 7-15-4287 or 7-
 23 15-4293.

24 (3) "Incremental taxable value" means the amount, if any, by which the actual taxable value at any
 25 time exceeds the base taxable value of all taxable property within an urban renewal area or targeted economic
 26 development district.

27 (4) "Infrastructure" means tangible facilities and assets related to water, sewer, wastewater
 28 treatment, storm water, solid waste, and utilities systems including natural gas, hydrogen, electrical and

1 telecommunications lines, fire protection, ambulance and law enforcement, workforce housing, streets, roads,
2 curbs, gutters, sidewalks, pedestrian malls, alleys, bridges, and other transportation needs, including but not
3 limited to parking, park and ride facilities and services, and bus, air, and rail service.

4 (5) "Local government", for the purposes of a targeted economic development district, means any
5 incorporated city or town, a county, or a city-county consolidated local government.

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

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

13 (8) "Targeted economic development district" means a district created pursuant to 7-15-4277
14 through 7-15-4280.

15 (9) "Tax increment" means the collections realized from extending the tax levies, expressed in
16 mills, of all taxing bodies in which the urban renewal area or targeted economic development district or a part of
17 the area or district is located against the incremental taxable value.

18 (10) "Tax increment provision" means a provision for the segregation and application of tax
19 increments as authorized by 7-15-4282 through 7-15-4294.

20 (11) "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis
21 except for bond issues or bond levies.

22 (12) ~~(a)~~ "Taxing body" means any incorporated city or town, county, city-county consolidated local
23 government, ~~school district,~~ school district, or other political subdivision or governmental unit of the state,
24 including the state, that levies taxes against property within the urban renewal area or targeted economic
25 development district.

26 ~~(b) The term does not include a school district.~~

27 (13) "Value-adding" means a project or a business that creates or increases economic opportunity
28 in an area through investment in facilities, land, improvements, or equipment, including but not limited to

1 manufacturing, technology, recreation, and tourism."

2

3 **Section 10.** Section 7-15-4286, MCA, is amended to read:

4 **"7-15-4286. Procedure to determine and disburse tax increment -- remittance of excess portion**

5 **of tax increment for targeted economic development district.** (1) (a) Mill-Except as provided in subsection

6 (1)(b), mill rates of taxing bodies for taxes levied after the effective date of the tax increment provision must be

7 calculated on the basis of the sum of the taxable value, as shown by the last equalized assessment roll, of all

8 taxable property located outside the urban renewal area or targeted economic development district and the

9 base taxable value of all taxable property located within the area or district. The mill rate determined must be

10 levied against the sum of the actual taxable value of all taxable property located within as well as outside the

11 area or district. The mill rate does not include bond issues or bond levies.

12 (b) After-ON OR AFTER [the effective date of this act], the mill rate does-for an urban renewal area or

13 targeted economic development district within a taxing jurisdiction with tax increment from all urban renewal

14 areas or targeted economic development districts within the taxing jurisdiction that exceeds \$6 million in the

15 prior year MAY not include mills levied by a school district, unless the WHICH MUST BE PAID TO THE SCHOOL

16 DISTRICT AS PROVIDED BY LAW, MUST REMAIN SOLELY DEVOTED TO SCHOOL PURPOSES, AND THE REVENUE FOR WHICH

17 MAY NOT BE DIRECTED TO THE TAX INCREMENT. THE exclusion of the school district mills affects the ability of an

18 urban renewal area or targeted economic development district to pay the principal of premiums and interest

19 DOES NOT APPLY TO THE PAYMENT OF THE DEBT SERVICE OBLIGATION on existing bonds ISSUED BY AN URBAN

20 RENEWAL AREA OR TARGETED ECONOMIC DEVELOPMENT DISTRICT BEFORE [THE EFFECTIVE DATE OF THIS ACT].

21 (2) (a) Except as provided in subsections (1)(b), (2)(b), (2)(c), through (2)(d), and (3), the tax

22 increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing bodies

23 against the incremental taxable value within the area or district must be paid into a special fund held by the

24 treasurer of the local government and used as provided in 7-15-4282 through 7-15-4294.

25 (b) For-Subject to subsection (1)(b), for targeted economic development districts and urban

26 renewal areas created before April 6, 2017, the combined mill rates of taxing bodies used to calculate the tax

27 increment may not include the mill rates for the university system mills levied pursuant to 15-10-109 and 20-25-

28 439.

1 ~~(b)(c)~~ For Subject to subsection (1)(b), for targeted economic development districts ~~in existence prior~~
2 ~~to created on or after April 6, 2017, and before July 1, 2022, and urban renewal areas created on or after April~~
3 ~~6, 2017, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill rates~~
4 for:

- 5 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439; and
- 6 (ii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
7 increment provision.

8 ~~(e)(d)~~ For Subject to subsection (1)(b), for targeted economic development districts created after
9 June 30, 2022, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill
10 rates for:

- 11 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439;
- 12 (ii) ~~one-half of the elementary, high school, and state equalization mills levied pursuant to 20-9-~~
13 ~~331, 20-9-333, and 20-9-360 ;~~

14 (ii) one-half of the elementary, high school, and state equalization mills levied pursuant to 20-9-
15 331, 20-9-333, and 20-9-360;

16 ~~(iii)(iii)~~ a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
17 increment provision; and

18 ~~(iv)(iii)(iv)~~ any portion of an existing mill levy designated by the local government as excluded
19 from the tax increment.

20 (3) (a) Subject to 7-15-4287 and subsection (3)(b) of this section, a targeted economic
21 development district with a tax increment provision adopted after October 1, 2019, may expend or accumulate
22 tax increment for:

- 23 (i) the payment of the costs listed in 7-15-4288;
- 24 (ii) the cost of issuing bonds; or
- 25 (iii) any pledge to the payment of the principal of any premium, if any, and interest on the bonds
26 issued pursuant to 7-15-4289 and sufficient to fund any reserve fund in respect of the bonds in an amount not
27 to exceed 125% of the maximum principal and interest on the bonds in any year during the term of the bonds.

28 (b) Any excess tax increment remaining after the use or accumulation of funds as set forth in

1 subsection (3)(a) must be:

2 (i) remitted to each taxing jurisdiction for which the mill rates are included in the calculation of the
3 tax increment as provided in subsections (1) and (2); and

4 (ii) proportional to the taxing jurisdiction's share of the total mills levied.

5 (c) A targeted economic development district is not subject to the provisions of this subsection (3)
6 if bonds have not been issued to finance the project.

7 (4) Any portion of the excess tax increment remitted to a school district pursuant to subsection (3)
8 is subject to the provisions of 7-15-4291(2) through (5).

9 (5) The balance of the taxes collected in each year must be paid to each of the taxing bodies as
10 otherwise provided by law."

11

12 **Section 11.** Section 7-15-4288, MCA, is amended to read:

13 **"7-15-4288. Costs that may be paid by tax increment financing.** ~~The tax increments may be used~~
14 ~~by the~~ (1) The local government shall approve the use of tax increments to pay the following costs of or
15 incurred in connection with an urban renewal area or targeted economic development district as identified in the
16 urban renewal plan or targeted economic development district comprehensive development plan:

17 ~~(1) land acquisition;~~

18 ~~(2)(a)~~ (a) demolition and removal of structures;

19 ~~(3)(b)~~ (b) relocation of occupants;

20 ~~(4)(c)~~ (c) the acquisition, construction, and improvement of public improvements or infrastructure,
21 publicly owned buildings, and any public improvements authorized by Title 7, chapter 12, parts 41 through 45;
22 Title 7, chapter 13, parts 42 and 43; and Title 7, chapter 14, part 47, and items of personal property to be used
23 in connection with improvements for which the foregoing costs may be incurred;

24 ~~(5)(d)~~ (d) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;

25 ~~(6) acquisition of infrastructure deficient areas or portions of areas;~~

26 ~~(7)(e)~~ (e) administrative costs associated with the management of the urban renewal area or targeted
27 economic development district, which may not exceed 5% of the tax increment for each year for an urban
28 renewal area or targeted economic development district within a taxing jurisdiction with tax increment from all

1 urban renewal areas or targeted economic development districts within the taxing jurisdiction that exceeds \$6
2 million in the prior year;

3 ~~(8)(f)~~ assemblage of land for development or redevelopment by private enterprise or public agencies,
4 including sale, initial leasing, or retention by the local government itself at its fair value;

5 ~~(9)(g)~~ the compilation and analysis of pertinent information required to adequately determine the
6 needs of the urban renewal area or targeted economic development district;

7 ~~(10)(h)~~ the connection of the urban renewal area or targeted economic development district to existing
8 infrastructure outside the area or district;

9 ~~(11)(i)~~ the provision of direct assistance to secondary value-adding industries to assist in meeting their
10 infrastructure and land needs within the area or district; ~~and~~

11 ~~(12)(j)~~ the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,
12 abating, or eliminating pollution; ~~and~~

13 (k) the construction or reconstruction of roads; AND

14 (L) LAND ACQUISITION.

15 ~~(2) Tax increment may not be used for land acquisition.~~

16 (2) PURSUANT TO [SECTION 1], THE QUALIFIED ELECTORS OF THE URBAN RENEWAL AREA OR TARGETED
17 ECONOMIC DEVELOPMENT DISTRICT MAY, BY PETITION, REQUEST AN ELECTION ON WHETHER TO USE TAX INCREMENT TO
18 ACQUIRE LAND."

20 **Section 12.** Section 7-15-4289, MCA, is amended to read:

21 **"7-15-4289. Use of tax increments for bond payments.** (1) The tax increment may be pledged to
22 the payment of the principal of premiums, if any, and interest on bonds that the local government may issue for
23 the purpose of providing funds to pay those costs.

24 ~~(2) The question of pledging tax increment to the payment of the principal of premiums and~~
25 ~~interest on bonds must be submitted to the qualified electors of the local government.~~

26 (2) THE LOCAL GOVERNING BODY SHALL HOLD A PUBLIC HEARING BEFORE PLEDGING TAX INCREMENT TO
27 THE PAYMENT OF THE PRINCIPAL OF PREMIUMS AND INTEREST ON BONDS. PURSUANT TO [SECTION 1], THE QUALIFIED
28 ELECTORS OF THE URBAN RENEWAL AREA OR TARGETED ECONOMIC DEVELOPMENT DISTRICT MAY, BY PETITION,

1 in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141. "

2

3 **Section 13.** Section 7-15-4291, MCA, is amended to read:

4 **"7-15-4291. Voluntary agreement to remit unused portion of urban renewal district area tax**

5 **increments.** (1) Subject to subsections (2) through (5), a local government with an urban renewal district area

6 containing a tax increment provision may enter into an agreement to remit any portion of the annual tax

7 increment not currently required for the payment of the costs listed in 7-15-4288 or pledged to the payment of

8 the principal of premiums, if any, and interest on the bonds referred to in 7-15-4289. The remittance agreement

9 must:

10 (a) provide for remittance to each taxing jurisdiction for which the mill rates are included in the
11 calculation of the tax increment as provided in 7-15-4286(1) and (2); and

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

14 (2) Any portion of the increment remitted to a school district pursuant to 7-15-4286(3) or this
15 section:

16 (a) must be used to reduce property taxes or designated as operating reserve pursuant to 20-9-
17 104 for 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
19 school 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) The remittance will not reduce the levy authority of the school district receiving the remittance
27 in years subsequent to the time period established by subsection (2)(a).

28 (4) Any portion of the increment remitted to a school district and deposited into the general fund

1 must be designated as operating reserve pursuant to 20-9-104 or used to reduce the BASE budget levy or the
2 over-BASE budget levy in the following fiscal year.

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

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

8 (b) if the area or district is not in existence at the time of the remittance, the portion is distributed
9 pursuant to ~~7-15-4292(2)(a)~~ 7-15-4292(3)(a) 7-15-4292(4)(a)."

10

11 **Section 14.** Section 7-15-4292, MCA, is amended to read:

12 **"7-15-4292. Termination of tax increment financing -- exception.** (1) ~~(a) The~~ Except as provided in
13 subsection-subsections (2) and (3), the tax increment provision contained in an urban renewal plan or a
14 targeted economic development district comprehensive development plan terminates upon the later of:

15 (a)(i) except as provided in subsection (1)(b), the ~~15th~~ 10th 20th year following its adoption; or

16 (b)(ii) the payment or provision for payment in full or discharge of all bonds for which the tax
17 increment has been pledged and the interest on the bonds. ~~For targeted economic development districts~~
18 ~~created after June 30, 2022, the combined term of the original bonds or any refunding bonds may not extend~~
19 ~~the life of the tax increment provision longer than the 30th year following the original adoption of the tax~~
20 ~~increment provision.~~

21 (b) The time period provided for in subsection (1)(a)(i) may be extended for up to an additional 10
22 years by submitting the question of extending the time period to the qualified electors of the local government
23 AFTER HOLDING A PUBLIC HEARING ON THE EXTENSION. PURSUANT TO [SECTION 1], THE QUALIFIED ELECTORS OF THE
24 URBAN RENEWAL AREA OR TARGETED ECONOMIC DEVELOPMENT DISTRICT MAY, BY PETITION, REQUEST AN ELECTION ON
25 WHETHER TO EXTEND THE TAX INCREMENT PROVISION.

26 (2) The tax increment provision contained in an urban renewal plan or a targeted economic
27 development district comprehensive plan within a taxing jurisdiction with tax increment from all urban renewal
28 areas or targeted economic development districts within the taxing jurisdiction of less than \$6 million in the prior

1 year terminates upon the later of:

2 (a) the 15th year following its adoption; or

3 (b) the payment or provision for payment in full or discharge of all bonds for which the tax

4 increment has been pledged and the interest on the bonds. For targeted economic development districts

5 created after June 30, 2022, the combined term of the original bonds or any refunding bonds may not extend

6 the life of the tax increment provision longer than the 30th year following the original adoption of the tax

7 increment provision.

8 ~~(2)(3)~~ On the ~~20th~~ 30TH year following adoption, a district that adopted a tax increment provision

9 before [the effective date of this act] within a taxing jurisdiction with tax increment for all urban renewal areas or

10 targeted economic development districts within the taxing jurisdiction that exceeds \$6 million in the prior year

11 may only retain sufficient tax increment to pay the principal of premiums and interest on bonds. Any remaining

12 increment must be distributed among the various taxing bodies in proportion to their property tax revenue from

13 the area or district.

14 ~~(3)(4)~~ (a) Except as provided in subsection ~~(2)(b)~~ ~~(3)(b)~~ ~~(4)(b)~~, any amounts remaining in the special

15 fund or any reserve fund after termination of the tax increment provision must be distributed among the various

16 taxing bodies in proportion to their property tax revenue from the area or district.

17 (b) Upon termination of the tax increment provision, a local government may retain and use in

18 accordance with the provisions of the urban renewal plan:

19 (i) funds remaining in the special fund or a reserve fund related to a binding loan commitment,

20 construction contract, or development agreement for an approved urban renewal project or targeted economic

21 development district project that a local government entered into before the termination of a tax increment

22 provision;

23 (ii) loan repayments received after the date of termination of the tax increment provision from

24 loans made pursuant to a binding loan commitment; or

25 (iii) funds from loans previously made pursuant to a loan program established under an urban

26 renewal plan or targeted economic development district comprehensive development plan.

27 ~~(3)(4)(5)~~ After termination of the tax increment provision, all taxes must be levied upon the

28 actual taxable value of the taxable property in the urban renewal area or targeted economic development

1 district and must be paid to each of the taxing bodies as provided by law.

2 ~~(4)(5)(6)~~ Bonds secured in whole or in part by a tax increment provision may not be issued after
3 the 15th anniversary of tax increment provisions. However, if bonds secured by a tax increment provision are
4 outstanding on the applicable anniversary, additional bonds secured by the tax increment provision may be
5 issued if the final maturity date of the bonds is not later than the final maturity date of any bonds then
6 outstanding and secured by the tax increment provision."

7

8 **Section 18.** Section 7-15-4301, MCA, is amended to read:

9 **~~"7-15-4301. Authorization to issue urban renewal bonds, targeted economic development~~**

10 **~~bonds, and refunding bonds.~~** (1) A local government or municipality may, on an affirmative vote of the
11 qualified electors :

12 (a) ~~issue bonds from time to time, in its discretion, to finance the undertaking of any urban renewal~~
13 ~~project or targeted economic development district project under Title 7, chapter 15, part 42, and this part,~~
14 ~~including, without limiting the generality of projects, the payment of principal and interest upon any advances for~~
15 ~~surveys and plans for the projects; and~~

16 (b) ~~issue refunding bonds for the payment or retirement of bonds previously issued by it.~~

17 (2) ~~Except as provided in 7-15-4302, bonds may not pledge the general credit of the local~~
18 ~~government or municipality and must be made payable, as to both principal and interest, solely from the~~
19 ~~income, proceeds, revenue, and funds of the local government or municipality derived from or held in~~
20 ~~connection with its undertaking and carrying out of urban renewal projects or targeted economic development~~
21 ~~district projects under Title 7, chapter 15, part 42, and this part, including the tax increment received and~~
22 ~~pledged by the local government or municipality pursuant to 7-15-4282 through 7-15-4294, and, if the income,~~
23 ~~proceeds, revenue, and funds of the local government or municipality are insufficient for the payment, from~~
24 ~~other revenue of the local government or municipality pledged to the payment. Payment of the bonds, both as~~
25 ~~to principal and interest, may be further secured by a pledge of any loan, grant, or contribution from the federal~~
26 ~~government or other source in aid of any urban renewal projects or targeted economic development district~~
27 ~~projects of the local government or municipality under Title 7, chapter 15, part 42, and this part or by a~~
28 ~~mortgage on all or part of any projects.~~

1 (44) projects to mine and extract ores, metals, or minerals owned by the condemnor located
2 beneath or upon the surface of property where the title to the surface vests in others. However, the use of the
3 surface of property for strip mining or open-pit mining of coal (i.e., any mining method or process in which the
4 strata or overburden is removed or displaced in order to extract the coal) is not a public use, and eminent
5 domain may not be exercised for this purpose.

6 (45) projects to restore and reclaim lands that were strip-mined or underground-mined for coal and
7 not reclaimed in accordance with Title 82, chapter 4, part 2, and to abate or control adverse effects of strip or
8 underground mining on those lands."

9

10

Section 18. Section 71-3-1506, MCA, is amended to read:

11

"71-3-1506. Tax deficiency lien. A municipality has a lien for tax deficiency payments as described in
12 a properly filed agreement for tax deficiency payment pursuant to 7-15-4294. The lien has the same priority as
13 a lien for general property taxes. Lien proceeds must be disbursed pursuant to 7-15-4286(2)(a)."

14

15

NEW SECTION. Section 19. Effective date. [This act] is effective January 1, 2024.

16

17

NEW SECTION. Section 20. CODIFICATION INSTRUCTION. [SECTION 1] IS INTENDED TO BE CODIFIED AS AN

18

INTEGRAL PART OF TITLE 7, CHAPTER 15, PART 43, AND THE PROVISIONS OF TITLE 7, CHAPTER 15, PART 43, APPLY TO

19

[SECTION 1].

20

21

22

COORDINATION SECTION. Section 21. Coordination instruction. If both Senate Bill No. 505 and
23 [this act] are passed and approved and if both contain a section that amends 7-15-4286, and if House Bill No.
24 925 is not passed and approved or if it does not contain a section that amends 7-15-4286, then the section in
25 Senate Bill No. 505 amending 7-15-4286 is void, and [section 10 of this act], amending 7-15-4286, must be
26 amended as follows:

27

"7-15-4286. Procedure to determine and disburse tax increment -- remittance of excess portion

28

of tax increment for targeted economic development district. (1) (a) ~~Mill~~ Except as provided in subsections

1 (1)(b) and (1)(c), mill rates of taxing bodies for taxes levied after the effective date of the tax increment
 2 provision must be calculated on the basis of the sum of the taxable value, as shown by the last equalized
 3 assessment roll, of all taxable property located outside the urban renewal area or targeted economic
 4 development district and the base taxable value of all taxable property located within the area or district. The
 5 mill rate determined must be levied against the sum of the actual taxable value of all taxable property located
 6 within as well as outside the area or district. The mill rate does not include bond issues or bond levies.

7 (b) If a mill levy is excluded from the tax increment calculation pursuant to subsections (1)(c) or
 8 (2)(b) through (2)(d), the calculation pursuant to subsection (1)(a) must use the total taxable value of all
 9 property located within the area or district.

10 (c) On or after [the effective date of this act], the mill rate for an urban renewal area or targeted
 11 economic development district within a taxing jurisdiction with tax increment from all urban renewal areas or
 12 targeted economic development districts within the taxing jurisdiction that exceeds \$6 million in the prior year
 13 may not include mills levied by a school district, which must be paid to the school district as provided by law,
 14 must remain solely devoted to school purposes, and the revenue for which may not be directed to the tax
 15 increment. The exclusion of the school district mills does not apply to the payment of the debt service obligation
 16 on existing bonds issued by an urban renewal area or targeted economic development district before [the
 17 effective date of this act].

18 (2) (a) Except as provided in subsections (1)(c), (2)(b), ~~(2)(c)~~ through (2)(d), and (3), the tax
 19 increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing bodies
 20 against the incremental taxable value within the area or district must be paid into a special fund held by the
 21 treasurer of the local government and used as provided in 7-15-4282 through 7-15-4294.

22 (b) Subject to subsection (1)(c), for targeted economic development districts and urban renewal
 23 areas created before April 6, 2017, the combined mill rates of taxing bodies used to calculate the tax increment
 24 may not include the mill rates for the university system mills levied pursuant to 15-10-109 and 20-25-439.

25 (b)(c) For Subject to subsection (1)(c), for targeted economic development districts ~~in existence prior~~
 26 ~~to~~ created on or after April 6, 2017, and before July 1, 2022, and urban renewal areas created on or after April
 27 6, 2017, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill rates
 28 for:

- 1 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439; and
- 2 (ii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
- 3 increment provision.
- 4 ~~(e)~~(d) For Subject to subsection (1)(c), for targeted economic development districts created after June
- 5 30, 2022, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill rates
- 6 for:
- 7 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439;
- 8 (ii) one-half of the elementary, high school, and state equalization mills levied pursuant to 20-9-
- 9 331, 20-9-333, and 20-9-360;
- 10 (iii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
- 11 increment provision; and
- 12 (iv) any portion of an existing mill levy designated by the local government as excluded from the tax
- 13 increment.
- 14 (3) (a) Subject to 7-15-4287 and subsection (3)(b) of this section, a targeted economic
- 15 development district with a tax increment provision adopted after October 1, 2019, may expend or accumulate
- 16 tax increment for:
- 17 (i) the payment of the costs listed in 7-15-4288;
- 18 (ii) the cost of issuing bonds; or
- 19 (iii) any pledge to the payment of the principal of any premium, if any, and interest on the bonds
- 20 issued pursuant to 7-15-4289 and sufficient to fund any reserve fund in respect of the bonds in an amount not
- 21 to exceed 125% of the maximum principal and interest on the bonds in any year during the term of the bonds.
- 22 (b) Any excess tax increment remaining after the use or accumulation of funds as set forth in
- 23 subsection (3)(a) must be:
- 24 (i) remitted to each taxing jurisdiction for which the mill rates are included in the calculation of the
- 25 tax increment as provided in subsections (1) and (2); and
- 26 (ii) proportional to the taxing jurisdiction's share of the total mills levied.
- 27 (c) A targeted economic development district is not subject to the provisions of this subsection (3)
- 28 if bonds have not been issued to finance the project.

1 (4) Any portion of the excess tax increment remitted to a school district pursuant to subsection (3)
2 is subject to the provisions of 7-15-4291(2) through (5).

3 (5) The balance of the taxes collected in each year must be paid to each of the taxing bodies as
4 otherwise provided by law."
5

6 COORDINATION SECTION. **Section 22. Coordination instruction.** If both House Bill No. 925 and
7 [this act] are passed and approved and if both contain a section that amends 7-15-4286, and if Senate Bill No.
8 505 is not passed and approved or if it does not contain a section that amends 7-15-4286, then the section in
9 House Bill No. 925 amending 7-15-4286 is void, and [section 10 of this act], amending 7-15-4286, must be
10 amended as follows:

11 **"7-15-4286. Procedure to determine and disburse tax increment -- remittance of excess portion**
12 **of tax increment for ~~targeted economic development district districts that issue bonds.~~** (1) ~~(a) Mill~~ Except
13 as provided in subsection (1)(b), mill rates of taxing bodies for taxes levied after the effective date of the tax
14 increment provision must be calculated on the basis of the sum of the taxable value, as shown by the last
15 equalized assessment roll, of all taxable property located outside the urban renewal area or targeted economic
16 development district and the base taxable value of all taxable property located within the area or district. The
17 mill rate determined must be levied against the sum of the actual taxable value of all taxable property located
18 within as well as outside the area or district. The mill rate does not include bond issues or bond levies.

19 (b) On or after [the effective date of this act], the mill rate for an urban renewal area or targeted
20 economic development district within a taxing jurisdiction with tax increment from all urban renewal areas or
21 targeted economic development districts within the taxing jurisdiction that exceeds \$6 million in the prior year
22 may not include mills levied by a school district, which must be paid to the school district as provided by law,
23 must remain solely devoted to school purposes, and the revenue for which may not be directed to the tax
24 increment. The exclusion of the school district mills does not apply to the payment of the debt service obligation
25 on existing bonds issued by an urban renewal area or targeted economic development district before [the
26 effective date of this act].

27 (2) (a) Except as provided in subsections (1)(b), (2)(b), ~~(2)(c)~~ through (2)(d), and (3), the tax
28 increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing bodies

1 against the incremental taxable value within the area or district must be paid into a special fund held by the
2 treasurer of the local government and used as provided in 7-15-4282 through 7-15-4294.

3 ~~(b)~~ Subject to subsection (1)(b), for targeted economic development districts and urban renewal
4 areas created before April 6, 2017, the combined mill rates of taxing bodies used to calculate the tax increment
5 may not include the mill rates for the university system mills levied pursuant to 15-10-109 and 20-25-439.

6 ~~(b)(c)~~ For Subject to subsection (1)(b), for targeted economic development districts ~~in existence prior~~
7 ~~to created on or after April 6, 2017, and before~~ July 1, 2022, and urban renewal areas created on or after April
8 6, 2017, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill rates
9 for:

- 10 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439; and
- 11 (ii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
12 increment provision.

13 ~~(e)(d)~~ For Subject to subsection (1)(b), for targeted economic development districts created after
14 June 30, 2022, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill
15 rates for:

- 16 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439;
- 17 (ii) one-half of the elementary, high school, and state equalization mills levied pursuant to 20-9-
18 331, 20-9-333, and 20-9-360;
- 19 (iii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
20 increment provision; and
- 21 (iv) any portion of an existing mill levy designated by the local government as excluded from the tax
22 increment.

23 (3) (a) Subject to 7-15-4287 and ~~subsection-subsections~~ (3)(b) and (3)(c) of this section, an
24 urban renewal area or a targeted economic development district with a tax increment provision adopted after
25 October 1, 2019 [the effective date of this act], may expend or accumulate tax increment for:

- 26 (i) the payment of ~~the~~ administrative costs listed in 7-15-4288(1)(e);
- 27 (ii) the cost of issuing bonds; or
- 28 (iii) any pledge to the payment of the principal of any premium, if any, and interest on the bonds

1 issued pursuant to 7-15-4289 and sufficient to fund any reserve fund in respect of the bonds in an amount not
2 to exceed 125% of the maximum principal and interest on the bonds in any year during the term of the bonds.

3 (b) Any excess tax increment remaining after the use or accumulation of funds as set forth in
4 subsection (3)(a) must be:

5 (i) remitted to each taxing jurisdiction for which the mill rates are included in the calculation of the
6 tax increment as provided in subsections (1) and (2); and

7 (ii) proportional to the taxing jurisdiction's share of the total mills levied.

8 ~~(c) A targeted economic development district is not subject to the provisions of this subsection (3) if
9 bonds have not been issued to finance the project.~~

10 (c) An urban renewal area of targeted economic development district is not subject to the
11 provisions of this subsection (3) if the pledge of tax increment to the payment of the principal of any premium
12 and interest on bonds does not extend the termination of the district beyond the period provided for in 7-15-
13 4292(1)(a)(i) or (2)(a).

14 (4) Any portion of the excess tax increment remitted to a school district pursuant to subsection (3)
15 is subject to the provisions of 7-15-4291(2) through (5).

16 (5) The balance of the taxes collected in each year must be paid to each of the taxing bodies as
17 otherwise provided by law."

18

19

20 COORDINATION SECTION. Section 23. Coordination instruction. If House Bill No. 925, Senate
21 Bill No. 505, and [this act] are passed and approved and if each contains a section that amends 7-15-4286,
22 then the sections in House Bill No. 925 and Senate Bill No. 505 amending 7-15-4286 are void, and [section 11
23 of this act], amending 7-15-4286, must be amended as follows:

24 **"7-15-4286. Procedure to determine and disburse tax increment -- remittance of excess portion**
25 **of tax increment for targeted economic development district.** (1) (a) Mill Except as provided in subsections
26 (1)(b) and (1)(c), mill rates of taxing bodies for taxes levied after the effective date of the tax increment
27 provision must be calculated on the basis of the sum of the taxable value, as shown by the last equalized
28 assessment roll, of all taxable property located outside the urban renewal area or targeted economic

1 development district and the base taxable value of all taxable property located within the area or district. The
2 mill rate determined must be levied against the sum of the actual taxable value of all taxable property located
3 within as well as outside the area or district. The mill rate does not include bond issues or bond levies.

4 (b) If a mill levy is excluded from the tax increment calculation pursuant to subsections (1)(c) or
5 (2)(b) through (2)(d), the calculation pursuant to subsection (1)(a) must use the total taxable value of all
6 property located within the area or district.

7 (c) On or after [the effective date of this act], the mill rate for an urban renewal area or targeted
8 economic development district within a taxing jurisdiction with tax increment from all urban renewal areas or
9 targeted economic development districts within the taxing jurisdiction that exceeds \$6 million in the prior year
10 may not include mills levied by a school district, which must be paid to the school district as provided by law,
11 must remain solely devoted to school purposes, and the revenue for which may not be directed to the tax
12 increment. The exclusion of the school district mills does not apply to the payment of the debt service obligation
13 on existing bonds issued by an urban renewal area or targeted economic development district before [the
14 effective date of this act].

15 (2) (a) Except as provided in subsections (1)(c), (2)(b), ~~(2)(c)~~ through (2)(d), and (3), the tax
16 increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing bodies
17 against the incremental taxable value within the area or district must be paid into a special fund held by the
18 treasurer of the local government and used as provided in 7-15-4282 through 7-15-4294.

19 (b) Subject to subsection (1)(c), for targeted economic development districts and urban renewal
20 areas created before April 6, 2017, the combined mill rates of taxing bodies used to calculate the tax increment
21 may not include the mill rates for the university system mills levied pursuant to 15-10-109 and 20-25-439.

22 ~~(b)(c)~~ For Subject to subsection (1)(c), for targeted economic development districts in-existence prior
23 to-created on or after April 6, 2017, and before July 1, 2022, and urban renewal areas created on or after April
24 6, 2017, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill rates
25 for:

- 26 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439; and
- 27 (ii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax

28 increment provision.

(e)(d) For Subject to subsection (1)(c), for targeted economic development districts created after June 30, 2022, the combined mill rates of taxing bodies used to calculate the tax increment may not include mill rates for:

- (i) the university system mills levied pursuant to 15-10-109 and 20-25-439;
- (ii) one-half of the elementary, high school, and state equalization mills levied pursuant to 20-9-331, 20-9-333, and 20-9-360;
- (iii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax increment provision; and
- (iv) any portion of an existing mill levy designated by the local government as excluded from the tax increment.

(3) (a) Subject to 7-15-4287 and ~~subsection-subsections (3)(b) and (3)(c)~~ of this section, an urban renewal area or a targeted economic development district with a tax increment provision adopted after ~~October 1, 2019~~ [the effective date of this act], may expend or accumulate tax increment for:

- (i) the payment of ~~the~~ administrative costs listed in 7-15-4288(1)(e);
- (ii) the cost of issuing bonds; or
- (iii) any pledge to the payment of the principal of any premium, if any, and interest on the bonds issued pursuant to 7-15-4289 and sufficient to fund any reserve fund in respect of the bonds in an amount not to exceed 125% of the maximum principal and interest on the bonds in any year during the term of the bonds.

(b) Any excess tax increment remaining after the use or accumulation of funds as set forth in subsection (3)(a) must be:

- (i) remitted to each taxing jurisdiction for which the mill rates are included in the calculation of the tax increment as provided in subsections (1) and (2); and
- (ii) proportional to the taxing jurisdiction's share of the total mills levied.

~~(c) A targeted economic development district is not subject to the provisions of this subsection (3) if bonds have not been issued to finance the project.~~

(c) An urban renewal area of targeted economic development district is not subject to the provisions of this subsection (3) if the pledge of tax increment to the payment of the principal of any premium and interest on bonds does not extend the termination of the district beyond the period provided for in 7-15-

1 ~~4292(1)(a)(i) or (2)(a).~~

2 (4) Any portion of the excess tax increment remitted to a school district pursuant to subsection (3)

3 is subject to the provisions of 7-15-4291(2) through (5).

4 (5) The balance of the taxes collected in each year must be paid to each of the taxing bodies as

5 otherwise provided by law."

7 **NEW SECTION. Section 24. Applicability.** (1) Except as provided in subsections (2) and (3), [this

8 [THIS act] applies to all urban renewal areas and targeted economic development districts that have adopted a

9 tax increment financing provision.

10 (2) ~~— [Section 10] applies to urban renewal plans or targeted economic development district~~

11 ~~comprehensive development plans amended to contain a tax increment provision after [the effective date of this~~

12 ~~act].~~

13 (3) ~~— [Section 15] applies to the issuance of bonds after [the effective date of this act].~~

14 - END -