



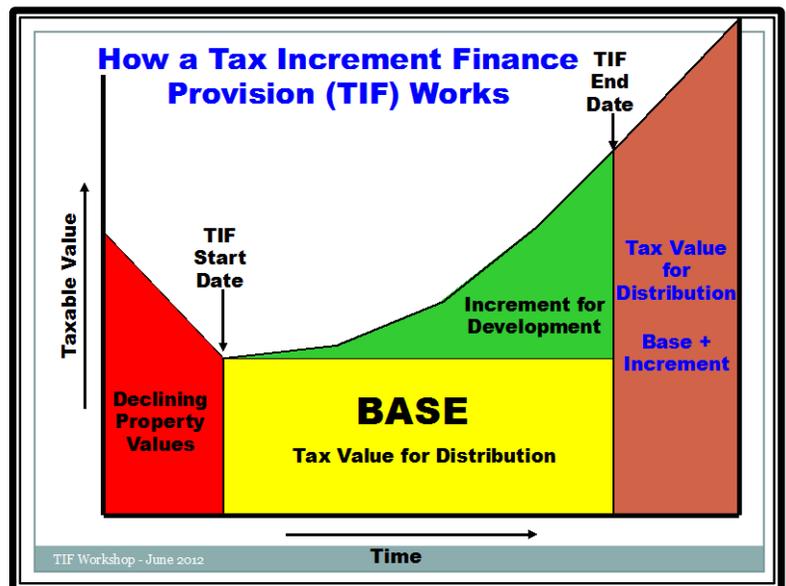
## Tax Increment Financing

The City of Missoula plans to utilize Tax Increment Financing (TIF) in conjunction with other funding sources to help foster revitalization within the Hellgate URD. The base year for the purposes of measuring any incremental value in the District will be 2014 and the base value will be calculated as of January 1, 2014.

Tax Increment Financing is a state authorized, locally driven funding mechanism that allows cities and counties to direct property tax dollars that accrue from new development, within a specifically designated *district*, to community and economic development activities. In Montana, TIF districts are authorized in parts 7-15-4201 and 4301, et. Seq. Montana Code Annotated (MCA), the State's Urban Renewal Law.

TIF districts are typically characterized by blight and/or infrastructure deficiencies that have limited or prohibited new investment. A base year is established from which "incremental" increases in property values are measured. Virtually all of the resulting new property tax dollars (with the exception of the six mill state-wide university levy) can be directed to redevelopment and economic revitalization activities within the area in which they are generated.

Taxpayers located within a TIF district pay the same amount as they would if the property were located outside the district. TIF only affects the way that taxes, once collected, are distributed. Taxes that are derived from base year taxable values continue to be distributed to the various taxing jurisdictions – local and state government entities and school districts. Taxes derived from the incremental increase in taxable value are placed in a special fund for purposes set forth in an Urban Renewal Plan.



Tax Increment Financing Schematic

Tax Increment Financing Districts are authorized for 15 years, but may be extended for up to an additional 25 years if TIF revenue bonds are sold any time during the first 15 years. Funds may be used for a variety of purposes as provided for in 7-15-4288 MCA and include improvements to vehicular and pedestrian transportation infrastructure, streetscapes, parks and landscaping, water and sewer lines and for connecting to infrastructure outside the district. While funds are typically used for public infrastructure investments, there are instances where local governments have used TIF funds to partner with private property owners to make improvements to historic buildings, to address life-safety issues and to enhance landscaping. The statutes also provide for the establishment of a TIF revolving loan program that can support private investment in the TIF District. Loan funds can continue to “revolve” beyond the life of the District.

In order to proceed with the creation of the Hellgate URD, the City of Missoula was required to provide documentation that blighted conditions exist within the district and pass a Resolution of Necessity to address blighted conditions. The Montana Urban Renewal law states in 7-15-4210 MCA, that a municipality may not exercise any of the powers authorized by part 43 and this part until after its local governing body has adopted a resolution finding that:

- (1) one or more blighted areas exist in the municipality as documented by the presence of at least three blighted conditions; and
- (2) the rehabilitation, redevelopment, or both of an area or areas are necessary in the interest of the public health, safety, morals, or welfare of the residents of the municipality.

As noted above, the Resolution of Necessity – City of Missoula Resolution 7866 was adopted on April 7<sup>th</sup>, 2014.