

1 SENATE BILL NO. 523

2 INTRODUCED BY G. HERTZ

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAX INCREMENT FINANCING LAWS;  
5 ~~REQUIRING THE QUALIFIED ELECTORS TO APPROVE A TAX INCREMENT FINANCING PROVISION;~~  
6 ~~REQUIRING THE QUALIFIED ELECTORS TO APPROVE THE ISSUANCE OF BONDS PAID WITH TAX~~  
7 ~~INCREMENT; ALLOWING THE QUALIFIED ELECTORS OF AN URBAN RENEWAL AREA OR TARGETED~~  
8 ~~ECONOMIC DEVELOPMENT DISTRICT TO REQUEST AN ELECTION TO APPROVE PROVISIONS~~  
9 ~~RELATED TO TAX INCREMENT FINANCING, REMOVING SCHOOL LEVIES FROM THE CALCULATION OF~~  
10 THE TAX INCREMENT FOR CERTAIN DISTRICTS; LIMITING TAX INCREMENT FINANCING PROVISIONS  
11 TO ~~20~~ 30 YEARS FOR CERTAIN DISTRICTS; PROVIDING THAT EXISTING TAX INCREMENT FINANCING  
12 PROVISIONS THAT EXCEED ~~20~~ 30 YEARS MAY ONLY RETAIN INCREMENT SUFFICIENT TO PAY  
13 BONDS FOR CERTAIN DISTRICTS; REQUIRING THE LOCAL GOVERNING BODY TO APPROVE ALL  
14 EXPENDITURES OF TAX INCREMENT; PROHIBITING THE ADOPTION OF A TAX INCREMENT  
15 FINANCING PROVISION IF THE INCREMENTAL TAXABLE VALUE OF ALL URBAN RENEWAL AREAS  
16 THAT HAVE ADOPTED TAX INCREMENT FINANCING PROVISIONS EXCEEDS 7% OF THE TOTAL  
17 TAXABLE VALUE OF THE TAXING JURISDICTION FOR CERTAIN DISTRICTS; LIMITING THE  
18 EXPENDITURE OF TAX INCREMENT FOR ADMINISTRATIVE COSTS FOR CERTAIN DISTRICTS;  
19 PROVIDING THAT BOND LEVIES ARE NOT INCLUDED IN THE TAX INCREMENT CALCULATION;  
20 ~~PROHIBITING THE USE OF TAX INCREMENT TO PURCHASE LAND;~~ ALLOWING THE USE OF TAX  
21 INCREMENT FOR ROAD CONSTRUCTION; REVISING DEFINITIONS; AMENDING SECTIONS 7-15-4206,  
22 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-  
23 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,  
24 17-6-316, 70-30-102, AND 71-3-1506, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN  
25 APPLICABILITY DATE."

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

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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."

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**Section 3.** Section 7-15-4210, MCA, is amended to read:

**"7-15-4210. Resolution of necessity required to utilize provisions of part.** 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 ~~by finding that at least three of the factors listed in 7-15-4206(2) apply to the area or a part of the area~~ BY FINDING THAT THE DEFINITION OF BLIGHTED AREA PROVIDED FOR IN 7-15-4206 APPLIES TO THE AREA; and

(2) the rehabilitation, redevelopment, or both of an area or areas are necessary in the interest of the public health, safety, ~~morale,~~ or welfare of the residents of the municipality."

**Section 4.** Section 7-15-4211, MCA, is amended to read:

**"7-15-4211. Preparation of comprehensive development plan for municipality.** For the purpose of approving an urban renewal plan and other municipal purposes, a municipality may:

(1) prepare, adopt, and revise from time to time a comprehensive plan or parts of a plan for the physical development of the municipality as a whole, with consideration for the county and school districts that include municipal territory;

(2) establish and maintain a planning commission for that purpose and related municipal planning activities; and

(3) make available and appropriate necessary funds for municipal planning activities to address blight."

~~**Section 4.** Section 7-15-4215, MCA, is amended to read:~~

~~**"7-15-4215. Notice of hearing on urban renewal plan.** (1) The notice required by 7-15-4214 (1) must be given by publication as provided in 7-1-4127 and by mailing a notice of the hearing, not less than 10 days prior to the date of the hearing, to the persons whose names appear on the county treasurer's tax records as the owners, reputed owners, or purchasers under contracts for deed of the property, at the address shown on the tax record.~~

- 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."

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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 4281, with the exception of contracts for the purchase or sale of real or personal property;

2 (f) to disseminate blight clearance and urban renewal information;

3 (g) to exercise the powers prescribed by 7-15-4255, except the power to agree to conditions for  
4 federal financial assistance and imposed pursuant to federal law relating to salaries and wages shall must be  
5 reserved to the local governing body;

6 (h) to enter any building or property in any urban renewal area in order to make surveys and  
7 appraisals in the manner specified in 7-15-4257;

8 (i) to improve, clear, or prepare for redevelopment any real or personal property in an urban  
9 renewal area;

10 (j) to insure real or personal property as provided in 7-15-4258;

11 (k) to effectuate the plans provided for in 7-15-4254;

12 (l) to prepare plans for the relocation of families displaced from an urban renewal area and to  
13 coordinate public and private agencies in such the relocation;

14 (m) to prepare plans for carrying out a program of voluntary or compulsory repair and rehabilitation  
15 of buildings and improvements;

16 (n) to conduct appraisals, title searches, surveys, studies, and other preliminary plans and work  
17 necessary to prepare for the undertaking of urban renewal projects;

18 (o) to negotiate for the acquisition of land;

19 (p) to study the closing, vacating, planning, or replanning of streets, roads, sidewalks, ways, or  
20 other places and to make recommendations with respect thereto;

21 (q) to organize, coordinate, and direct the administration of the provisions of this part and part 43;

22 (r) to perform duties as directed by the local governing body to make the necessary arrangements  
23 for the exercise of the powers and performance of the duties and responsibilities entrusted to the local  
24 governing body.

25 (2) The exercise of any powers provided for in subsection (1) that require the expenditure of  
26 revenue from tax increment financing must be approved by the local governing body.

27 (3) Any powers granted in this part or part 43 that are not included in subsection (1) as powers of  
28 the urban renewal agency or a department or other officers of a municipality in lieu of the local governing body

1 may only be exercised by the local governing body or other officers, boards, and commissions as provided  
2 under existing law."

3

4 **Section 8.** Section 7-15-4258, MCA, is amended to read:

5 ~~"7-15-4258. Acquisition and administration of real and personal property. (1) A municipality may:~~

6 ~~(a) acquire by purchase, lease, option, gift, grant, bequest, devise, eminent domain pursuant to~~  
7 ~~Title 70, chapter 30, or otherwise any real property and personal property that may be necessary for the~~  
8 ~~administration of the provisions contained in part 43 and this part, together with any improvements on the real~~  
9 ~~property;~~

10 ~~(b) hold, improve, clear, or prepare for redevelopment property acquired pursuant to subsection~~  
11 ~~(1)(a);~~

12 ~~(c) dispose of real or personal property;~~

13 ~~(d) insure or provide for the insurance of real or personal property or the operations of the~~  
14 ~~municipality against any risks or hazards, including the power to pay premiums on any insurance; and~~

15 ~~(e) enter into a development agreement with the owner of real property within an urban renewal~~  
16 ~~area and undertake activities, including the acquisition, removal, or demolition of structures, improvements, or~~  
17 ~~personal property located on the real property, to prepare the property for redevelopment.~~

18 ~~(2) A development agreement entered into in accordance with subsection (1)(e) must contain~~  
19 ~~provisions obligating the owner to redevelop the real property for a specified use consistent with the urban~~  
20 ~~renewal plan and offering recourse to the municipality if the redevelopment is not completed as determined by~~  
21 ~~the local governing body. The development agreement may not constitute the acquisition of an interest in real~~  
22 ~~property by the municipality within the meaning of 7-15-4262 or 7-15-4263.~~

23 ~~(3) Except as provided in 7-15-4204 (2), 7-15-4206, 7-15-4233 (2), and 7-15-4259, statutory~~  
24 ~~provisions with respect to the acquisition, clearance, or disposition of property by public bodies may not restrict~~  
25 ~~a municipality in the exercise of functions with respect to an urban renewal project.~~

26 ~~(4) A municipality may not acquire real property for an urban renewal project or enter into a~~  
27 ~~development agreement, as provided in subsection (1)(e), unless the local governing body has approved the~~  
28 ~~urban renewal project plan in accordance with 7-15-4216 (2) and 7-15-4217.~~

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

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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."~~

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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 ~~(14)(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 REQUEST AN ELECTION ON WHETHER TO PLEDGE TAX INCREMENT TO THE PAYMENT OF THE PRINCIPAL OF PREMIUMS, IF  
2 ANY, AND INTEREST ON BONDS."

3

4 **Section 15.** Section 7-15-4290, MCA, is amended to read:

5 **"7-15-4290. Use of property taxes and other revenue for payment of bonds.** (1) (a) The On an  
6 affirmative vote of the qualified electors of the local government, the tax increment derived from an urban  
7 renewal area may be pledged for the payment of revenue bonds issued for urban renewal projects or of general  
8 obligation bonds, revenue bonds, or special assessment bonds issued to pay urban renewal costs described in  
9 7-15-4288 and 7-15-4289.

10 (b) — The On an affirmative vote of the qualified electors of the local government, the tax increment  
11 derived from a targeted economic development district may be pledged for the payment of revenue bonds  
12 issued for targeted economic development district projects or of general obligation bonds, revenue bonds, or  
13 special assessment bonds issued to pay targeted economic development district costs described in 7-15-4288  
14 and 7-15-4289.

15 (c) — When submitting to the qualified electors the question of pledging tax increment to the payment  
16 of bonds, a local government may also submit the question of extending the time period of the tax increment  
17 provision to the date on which the bonds mature. The total term of the tax increment provision may not exceed  
18 the period allowed in 7-15-4292.

19 (2) — A local government issuing approved to issue bonds pursuant to subsection (1) may, by  
20 resolution of its governing body, enter into a covenant for the security of the bondholders, detailing the  
21 calculation and adjustment of the tax increment and the taxable value on which it is based and, after a public  
22 hearing, pledging or appropriating other revenue of the local government, except property taxes prohibited by  
23 subsection (3), to the payment of the bonds if collections of the tax increment are insufficient.

24 (3) — Property taxes, except the tax increment derived from property within the area or district and  
25 tax collections used to pay for services provided to the local government by a project, may not be applied to the  
26 payment of bonds issued pursuant to 7-15-4301 for which a tax increment has been pledged.

27 (4) — If applicable, the local government shall specify whether the bonds are tax credit bonds as  
28 provided in 17-5-117, recovery zone economic development bonds or recovery zone facility bonds as provided

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 (3) — Bonds issued ~~The question of issuing bonds~~ under this section must be authorized by  
2 resolution or ordinance ~~submitted to the qualified electors~~ of the local governing body.

3 (4) — ~~If applicable, the governing body of the local government or municipality shall specify whether~~  
4 ~~the bonds are tax credit bonds as provided in 17-5-117, recovery zone economic development bonds or~~  
5 ~~recovery zone facility bonds as provided in 7-7-140, or qualified energy conservation bonds as provided in 7-7-~~  
6 ~~141. "~~

7  
8 **Section 19.** Section 7-15-4302, MCA, is amended to read:

9 **"7-15-4302. Authorization to issue general obligation bonds.** (1) ~~For the purpose of 7-15-4267 or~~  
10 ~~for the purpose of aiding in the planning, undertaking, or carrying out of an urban renewal project or targeted~~  
11 ~~economic development district project, the local government or municipality, in addition to any authority to issue~~  
12 ~~bonds pursuant to 7-15-4301, may issue bonds on an affirmative vote of the qualified electors and sell its~~  
13 ~~general obligation bonds.~~

14 (2) — ~~Any bonds issued pursuant to this section must be issued in the manner and within the~~  
15 ~~limitations prescribed by the laws of this state for the issuance and authorization of bonds by the local~~  
16 ~~government or municipality for public purposes generally.~~

17 (3) — ~~Aiding in the planning, undertaking, or carrying out of an approved urban renewal project or~~  
18 ~~targeted economic development district project is considered a single purpose for the issuance of general~~  
19 ~~obligation bonds, and the proceeds of the bonds authorized for a project may be used to finance the exercise of~~  
20 ~~the powers conferred upon the local government or municipality by Title 7, chapter 15, part 42, and this part~~  
21 ~~that are necessary or proper to complete the project in accordance with the approved plan or ordinance and~~  
22 ~~any modification to the ordinance that is duly adopted by the local governing body.~~

23 (4) — ~~If applicable, the local government or municipality shall specify whether the bonds are tax credit~~  
24 ~~bonds as provided in 17-5-117, recovery zone economic development bonds or recovery zone facility bonds as~~  
25 ~~provided in 7-7-140, or qualified energy conservation bonds as provided in 7-7-141. "~~

26  
27 **Section 15.** Section 7-15-4324, MCA, is amended to read:

28 **"7-15-4324. Special bond provisions when tax increment financing is involved.** (1) Bonds issued

1 under this part for which a tax increment is pledged pursuant to 7-15-4282 through 7-15-4294 must be  
2 designed to mature not later than ~~25 years from their date of issue~~ the term of the tax increment provision  
3 provided for in 7-15-4292 and must mature in years and amounts so that the principal and interest due on the  
4 bonds in each year may not exceed the estimated tax increment, payments in lieu of taxes or other amounts  
5 agreed to be paid by the property owners in a district, and other estimated revenue, including proceeds of the  
6 bonds available for payment of interest on the bonds, pledged to their payment to be received in that year.

7 (2) The governing body, ~~in the resolution or ordinance authorizing the bonds,~~ IN THE RESOLUTION OR  
8 ORDINANCE AUTHORIZING THE BONDS, shall, ~~prior to submitting to the qualified electors the bond question,~~  
9 determine the estimated tax increment, payments in lieu of taxes or other amounts agreed to be paid by the  
10 property owners in an area or district, and other revenue, if any, for each year the bonds are to be outstanding.  
11 In calculating the costs under 7-15-4288 for which the bonds are issued, the local government or municipality  
12 may include an amount sufficient to pay interest on the bonds prior to receipt of tax increments pledged and  
13 sufficient for the payment of the bonds and to fund any reserve fund in respect of the bonds."  
14

15 **Section 16.** Section 17-6-316, MCA, is amended to read:

16 **"17-6-316. Economic development loan -- infrastructure tax credit.** (1) A loan made pursuant to  
17 17-6-309(2) must be used to build infrastructure, as provided for in ~~7-15-4288(4)~~ 7-15-4288(1)(c), such as water  
18 systems, sewer systems, water treatment facilities, sewage treatment facilities, and roads, that allows the  
19 location or creation of a business in Montana. The loan must be made to a local government or an Indian tribal  
20 government that will create the necessary infrastructure. The infrastructure may serve as collateral for the loan.  
21 The local government or Indian tribal government receiving the loan may charge fees to the users of the  
22 infrastructure. A loan repayment agreement must provide for repayment of the loan from the entity authorized to  
23 charge fees for the use of the services of the infrastructure. Loans made pursuant to 17-6-309(2) qualify for the  
24 job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to the business  
25 creating the jobs.

26 (2) A loan pursuant to 17-6-309(2) and this section may not be made until the board is satisfied  
27 that the condition in 17-6-309(2) will be met. If the condition contained in 17-6-309(2) is not met, any credits  
28 received pursuant to subsection (3) of this section must be returned to the state.

1           (3)     A business that is created or expanded as the result of a loan made pursuant to 17-6-309(2)  
2 and subsection (1) of this section is entitled to a credit against taxes due under Title 15, chapter 30 or 31, for  
3 the portion of the fees attributable to the use of the infrastructure. The total amount of tax credit claimed may  
4 not exceed the amount of the loan. The credit may be carried forward for 7 tax years or carried back for 3 tax  
5 years."

6

7           **Section 17.** Section 70-30-102, MCA, is amended to read:

8           **"70-30-102. Public uses enumerated.** Subject to the provisions of this chapter, the right of eminent  
9 domain may be exercised for the following public uses:

- 10           (1)     all public uses authorized by the government of the United States;
- 11           (2)     public buildings and grounds for the use of the state and all other public uses authorized by the  
12 legislature of the state;
- 13           (3)     public buildings and grounds for the use of any county, city, town, or school district;
- 14           (4)     canals, aqueducts, flumes, ditches, or pipes conducting water, heat, or gas for the use of the  
15 inhabitants of any county, city, or town;
- 16           (5)     projects to raise the banks of streams, remove obstructions from streambanks, and widen,  
17 deepen, or straighten stream channels;
- 18           (6)     water and water supply systems as provided in Title 7, chapter 13, part 44;
- 19           (7)     roads, streets, alleys, controlled-access facilities, and other publicly owned buildings and  
20 facilities for the benefit of a county, city, or town or the inhabitants of a county, city, or town;
- 21           (8)     acquisition of road-building material as provided in 7-14-2123;
- 22           (9)     stock lanes as provided in 7-14-2621;
- 23           (10)    parking areas as provided in 7-14-4501 and 7-14-4622;
- 24           (11)    airport purposes as provided in 7-14-4801, 67-2-301, 67-7-210, and Title 67, chapters 10 and  
25 11;
- 26           (12)    urban renewal projects as provided in Title 7, chapter 15, parts 42 and 43, except that private  
27 property may be acquired for urban renewal through eminent domain only if the property is determined to be a  
28 blighted area, as defined in 7-15-4206(2)(a), (2)(h), (2)(k), or (2)(n), and may not be acquired for urban renewal

- 1 through eminent domain if the purpose of the project is to increase government tax revenue;
- 2 (13) housing authority purposes as provided in Title 7, chapter 15, part 44;
- 3 (14) county recreational and cultural purposes as provided in 7-16-2105;
- 4 (15) city or town athletic fields and civic stadiums as provided in 7-16-4106;
- 5 (16) county cemetery purposes pursuant to 7-11-1021, cemetery association purposes as provided
- 6 in 35-20-104, and state veterans' cemetery purposes as provided in 10-2-604;
- 7 (17) preservation of historical or archaeological sites as provided in 23-1-102 and 87-1-209(2);
- 8 (18) public assistance purposes as provided in 53-2-201;
- 9 (19) highway purposes as provided in 60-4-103 and 60-4-104;
- 10 (20) common carrier pipelines as provided in 69-13-104;
- 11 (21) water supply, water transportation, and water treatment systems as provided in 75-6-313;
- 12 (22) mitigation of the release or threatened release of a hazardous or deleterious substance as
- 13 provided in 75-10-720;
- 14 (23) the acquisition of nonconforming outdoor advertising as provided in 75-15-123;
- 15 (24) screening for or the relocation or removal of junkyards, motor vehicle graveyards, motor vehicle
- 16 wrecking facilities, garbage dumps, and sanitary landfills as provided in 75-15-223;
- 17 (25) water conservation and flood control projects as provided in 76-5-1108;
- 18 (26) acquisition of natural areas as provided in 76-12-108;
- 19 (27) acquisition of water rights for the natural flow of water as provided in 85-1-204;
- 20 (28) property and water rights necessary for waterworks as provided in 85-1-209 and 85-7-1904;
- 21 (29) conservancy district purposes as provided in 85-9-410;
- 22 (30) wharves, docks, piers, chutes, booms, ferries, bridges, private roads, plank and turnpike roads,
- 23 and railroads;
- 24 (31) canals, ditches, flumes, aqueducts, and pipes for:
- 25 (a) supplying mines, mills, and smelters for the reduction of ores;
- 26 (b) supplying farming neighborhoods with water and drainage;
- 27 (c) reclaiming lands; and
- 28 (d) floating logs and lumber on streams that are not navigable;

1 (32) sites for reservoirs necessary for collecting and storing water. However, reservoir sites must  
2 possess a public use demonstrable to the district court as the highest and best use of the land.

3 (33) roads, tunnels, and dumping places for working mines, mills, or smelters for the reduction of  
4 ores;

5 (34) outlets, natural or otherwise, for the flow, deposit, or conduct of tailings or refuse matter from  
6 mines, mills, and smelters for the reduction of ores;

7 (35) an occupancy in common by the owners or the possessors of different mines of any place for  
8 the flow, deposit, or conduct of tailings or refuse matter from their several mines, mills, or smelters for reduction  
9 of ores and sites for reservoirs necessary for collecting and storing water for the mines, mills, or smelters.  
10 However, the reservoir sites must possess a public use demonstrable to the district court as the highest and  
11 best use of the land.

12 (36) private roads leading from highways to residences or farms;

13 (37) telephone or electrical energy lines, except that local government entities as defined in 2-7-  
14 501, municipal utilities, or competitive electricity suppliers may not use this chapter to acquire existing  
15 telephone or electrical energy lines and appurtenant facilities owned by a public utility or cooperative for the  
16 purpose of transmitting or distributing electricity or providing telecommunications services;

17 (38) telegraph lines;

18 (39) sewerage of any:

19 (a) county, city, or town or any subdivision of a county, city, or town, whether incorporated or  
20 unincorporated;

21 (b) settlement consisting of not less than 10 families; or

22 (c) public buildings belonging to the state or to any college or university;

23 (40) tramway lines;

24 (41) logging railways;

25 (42) temporary logging roads and banking grounds for the transportation of logs and timber  
26 products to public streams, lakes, mills, railroads, or highways for a time that the court or judge may determine.

27 However, the grounds of state institutions may not be used for this purpose.

28 (43) underground reservoirs suitable for storage of natural gas;

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

28

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

6  
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 -