

Proposed 2015 Session Legislation

Agency Name & No: Department of Revenue - 5801

Priority Number: **Filename:** TIF Reform

Short Title: Reform Tax Increment Finance (TIF) District Remittance Procedures

Agency Contact Person/Phone:

1. Purpose:

Require that TIF funds remitted back to schools must be treated as budgeted ad valorem tax revenue in order to offset mill levies in those school districts.

2. Background:

Part I - Part II - amend remittance section of TIF statute to require remittances to "all" taxing jurisdictions rather than just to "any" taxing jurisdiction so that all taxing jurisdictions are treated equally in any remittance process. Address procedural concerns that have occurred with TIF districts causing apparent "double taxation" and lack of transparency in the remittance agreement process. Amending section 7-15-4291, MCA (e.g. "Any portion of the increment remitted to a school must be treated as budgeted ad valorem taxes and used to reduce ad valorem taxes by the school district receiving the remittance and may not reduce the future levy authority. This subsection applies to all tax increment financing districts created after December 31, 1979). This is not intended to affect the state 95 mills.

3. Fiscal Impact by Fund Type: *This impact should be as specific as possible.*

No impact on state revenue

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only Federal Requirement Audit Recommendation (Audit No.:) Major Legislation
- Anticipated to be Controversial Legislation Bill Draft has been included in Legislation Submittal (if available)
- Supports Submitted EPP Item Number: Local Government Fiscal Impact
- Increases FTE, or Decreases FTE by List FTE amount and program
- Increases Existing Revenue Tax Fee Penalty [amount in #3]
- Decreases Existing Revenue Tax Fee Penalty [amount in #3]
- Establishes New Revenue Tax Fee Penalty [amount in #3]
- Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):
- Legislation would affect other state agencies (list):
- Special Interest Groups Affected (list):
- Other: