



# **HJ 18: ANALYSIS OF TAXABLE VALUES OF DISTRICTS THAT USE TAX INCREMENT FINANCING**

December 2017  
Revenue and Transportation Interim Committee  
Megan Moore, Research Analyst  
**MONTANA STATE LEGISLATURE**

# HJ 18: ANALYSIS OF TAXABLE VALUES OF DISTRICTS THAT USE TAX INCREMENT FINANCING

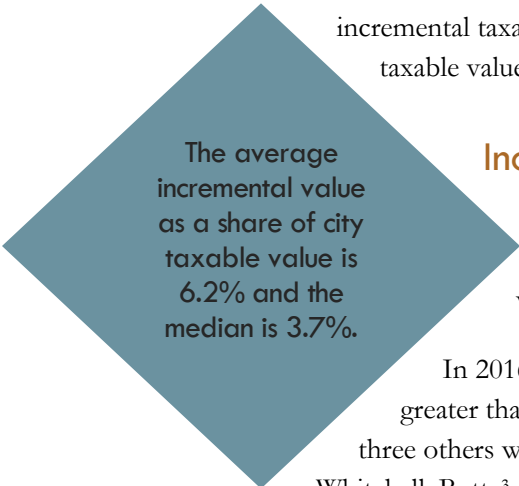
## BACKGROUND

This report for the [House Joint Resolution No. 18](#) (HJ 18) study of tax increment financing (TIF) analyzes taxable values of districts that use tax increment financing as a share of local government taxable values. The 2017 Legislature considered [House Bill No. 403](#) (HB 403), which would have required a municipality to remit incremental taxable value exceeding 5% of the total taxable value of a municipality if the increment was not required to pay bonds. The House Taxation Committee tabled the bill but HJ 18 directs the interim committee to consider whether to establish a maximum allowable incremental taxable value and a maximum percentage of the tax base that may be placed into an urban renewal district or targeted economic development district.

This analysis uses tax year 2016 tax increment finance data and local government taxable value data from the Department of Revenue's Biennial Report<sup>1</sup> to inform the committee's consideration.

## ANALYSIS OF CITY TIF TAXABLE VALUES

The table below shows districts that use tax increment financing created by a city and the total incremental taxable value and total taxable value of the districts as a share of the city's 2016 total taxable value.



The average incremental value as a share of city taxable value is 6.2% and the median is 3.7%.

### Incremental Taxable Value

The Hardin Industrial District incremental taxable value is 31.9% of the city's total taxable value, the highest share for any city.<sup>2</sup> The average incremental value as a share of city taxable value is 6.2% and the median is 3.7%.

In 2016, six cities had incremental taxable values as a percentage of city taxable value greater than 5%, the level that may have required remittances if HB 403 became law, and three others were close to 5%. Those nine cities are: Hardin, Whitefish, Laurel, Shelby, Whitehall, Butte<sup>3</sup>, Billings, Polson, and Bozeman.

### Total Taxable Value

For most cities with districts that use tax increment financing, the total TIF taxable value was less than a quarter of the total city taxable value. The five exceptions are: Whitehall, 70.4%, Hardin, 41.9%, Whitefish, 41.6%, Columbia Falls, 31.9%, and Laurel, 25%. The average taxable value of districts that use tax increment financing as a share of city taxable value is 21.7% and the median is 17.5%. If the five cities with the highest TIF taxable value as a share of city taxable value are excluded, the average is 14.9% and the median is 15.8%.

<sup>1</sup> Montana Department of Revenue, "[Biennial Report July 1, 2014- June 30, 2016](#)," p. 166, 178-179, and 186-241.

<sup>2</sup> This report was updated Dec. 12, 2017, to correct the taxable value for Hardin, which was incorrect in the Biennial Report.

<sup>3</sup> Taxable value for Butte Silver-Bow Urban Services. Provided by Kristen Rosa, Butte-Silver Bow.

## Total Taxable Value and Incremental Taxable Value for City TIF Districts, 2016

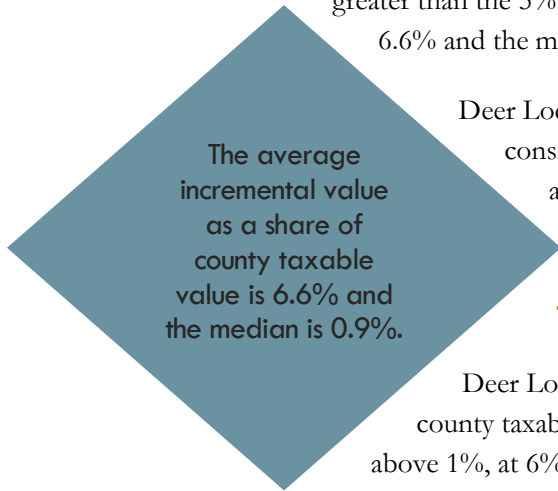
City	Number of Districts	2016 City Taxable Value	Total City TIF Taxable Value	TIF Taxable Value as % of City Taxable Value	Total City TIF Incremental Value	Incremental Value as % of City Taxable Value
Hardin	1	\$4,649,987	\$1,946,768	41.9%	\$1,481,624	31.9%
Whitefish	1	\$30,428,008	\$12,671,897	41.6%	\$8,486,545	27.9%
Laurel	1	\$8,541,243	\$2,134,320	25.0%	\$965,097	11.3%
Shelby	1	\$3,380,215	\$303,632	9.0%	\$228,168	6.8%
Whitehall	1	\$1,139,339	\$801,702	70.4%	\$65,175	5.7%
Butte	2	\$52,610,718	\$6,539,389	12.4%	\$2,665,513	5.1%
Billings	4	\$194,300,748	\$22,546,403	11.6%	\$9,586,899	4.9%
Polson	1	\$9,462,256	\$1,893,802	20.0%	\$457,800	4.8%
Bozeman	5	\$93,669,979	\$9,610,061	10.3%	\$4,333,724	4.6%
Missoula	8	\$117,220,060	\$18,575,809	15.8%	\$4,569,812	3.9%
Fort Benton	2	\$1,895,635	\$244,117	12.9%	\$65,780	3.5%
Kalispell	4	\$39,145,423	\$9,598,211	24.5%	\$1,211,165	3.1%
Libby	1	\$2,482,121	\$420,265	16.9%	\$72,337	2.9%
Anaconda	1	\$4,810,227	\$949,823	19.7%	\$93,608	1.9%
Columbia Falls	2	\$6,517,612	\$2,079,681	31.9%	\$123,219	1.9%
Livingston	1	\$11,214,165	\$1,780,557	15.9%	\$176,284	1.6%
Great Falls	5	\$91,319,996	\$5,265,246	5.8%	\$1,135,578	1.2%
Lewistown	1	\$6,438,644	\$1,539,184	23.9%	\$56,992	0.9%
Stevensville	2	\$2,380,419	\$164,939	6.9%	\$11,641	0.5%
Miles City	1	\$8,582,314	\$1,548,212	18.0%	\$0	0.0%

# ANALYSIS OF COUNTY TIF TAXABLE VALUES

The table below shows districts that use tax increment financing created by a county and the total incremental taxable value and total taxable value of the districts as a share of the county's 2016 total taxable value.

## Incremental Taxable Value

Deer Lodge and Silver Bow are the only counties with an incremental taxable value as a percentage of county taxable value greater than the 5%. The average incremental taxable value as a share of county taxable value is 6.6% and the median is 0.9%



Deer Lodge's incremental value as a share of county taxable value is 39.3%, considerably higher than the other counties. If Deer Lodge is removed, the average incremental taxable value as a share of county taxable value is 1.9% and the median is 0.4%

## Total Taxable Value

Deer Lodge and Silver Bow also have the highest TIF taxable values as a share of county taxable value, 43.9% and 10.5%, respectively. Jefferson and Missoula are also above 1%, at 6% and 1.5%, respectively. The other four counties have TIF taxable values as a share of county taxable value below 1%.

### Total Taxable Value and Incremental Taxable Value for County TIF Districts, 2016

County	Number of Districts	2016 County Taxable Value	Total County TIF Taxable Value	TIF Taxable Value as % of County Taxable Value	Total County TIF Incremental Value	Incremental Value as % of County Taxable Value
Deer Lodge	1	\$19,934,774	\$8,748,597	43.9%	\$7,839,258	39.3%
Silver Bow	1	\$65,459,390	\$6,849,030	10.5%	\$5,127,800	7.8%
Jefferson	2	\$30,107,392	\$1,794,339	6.0%	\$1,038,415	3.4%
Missoula	5	\$212,631,872	\$3,178,794	1.5%	\$2,879,365	1.4%
Park	1	\$40,429,811	\$162,919	0.4%	\$162,791	0.4%
Cascade	2	\$156,200,975	\$97,862	0.1%	\$94,264	0.1%
Ravalli	1	\$74,809,503	\$107,793	0.1%	\$169	0.0%
Hill	1	\$36,399,932	\$993	0.0%	\$81	0.0%

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