

**20-9-333. Basic county tax for high school equalization and other revenue for county equalization of high school BASE funding program.** (1) Subject to 15-10-420, the county commissioners of each county shall levy an annual basic county tax of 22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of high school equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the school equalization and property tax reduction account established in 20-9-336 in the following manner:

(a) In order to determine the amount of

**20-9-331. Basic county tax for elementary equalization and other revenue for county equalization of elementary BASE funding program.** (1) Subject to 15-10-420, the county commissioners of each county shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of elementary equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the school equalization and property tax reduction account established in 20-9-336 in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the

**20-9-360. State equalization aid levy.** Subject to 15-10-420, there is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204. Proceeds of the levy must be remitted to the department of revenue, as provided in 15-1-504, and must be deposited to the credit of the school equalization and property tax reduction account established in 20-9-336 for state equalization aid to

In a legal context, "must" indicates a mandatory or required action. It signifies an absolute obligation or requirement, leaving no room for choice or discretion. "Must" is generally preferred in legal writing to clearly express a requirement or obligation, [according to Plainlanguage.gov](http://Plainlanguage.gov).

# Montana Code Annotated 2023

THE CONSTITUTION OF THE STATE OF MONTANA

ARTICLE VIII. REVENUE AND FINANCE

Part VIII. REVENUE AND FINANCE

## Public Retirement System Assets

**Section 15. Public retirement system assets.** (1) Public retirement systems shall be funded on an actuarially sound basis. Public retirement system assets, including income and actuarially required contributions, shall not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.

(2) The governing boards of public retirement systems shall administer the system, including actuarial determinations, as fiduciaries of system participants and their beneficiaries.

**History:** En. Sec. 2, Const. Amend. No. 25, approved Nov. 8, 1994.

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# Montana Code Annotated 2023

## TITLE 7. LOCAL GOVERNMENT

### CHAPTER 15. HOUSING AND CONSTRUCTION

#### Part 42. Urban Renewal

## Modification Of Urban Renewal Project Plan

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

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

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

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

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

(5) A plan may be modified by:

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

(b) the procedure set forth in the plan, which must include a public hearing.

**History:** En. Sec. 6, Ch. 195, L. 1959; amd. Sec. 2, Ch. 38, L. 1965; amd. Sec. 2, Ch. 210, L. 1969; amd. Sec. 18, Ch. 158, L. 1971; R.C.M. 1947, 11-3906(e); amd. Sec. 3, Ch. 667, L. 1979; amd. Sec. 614, Ch. 61, L. 2007; amd. Sec. 2, Ch. 376, L. 2011; amd. Sec. 1, Ch. 157, L. 2017; amd. Sec. 2, Ch. 278, L. 2017.

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infrastructure, water and sewer infrastructure, stormwater infrastructure; Deficient Land Use - surface storage lots, vacant lots; Protecting Public Health and Safety- conditions of blight, reduced "social capital" and community connectedness. The City desires to improve the quality of land use, city infrastructure and economic development potential of these properties by including them in the SBBURD to construct needed public infrastructure improvements, grow the tax base, increase the inventory of residential property, stimulate commercial development, and further implement the visions of the SBBURD Master Plan.

## PROCEDURAL HISTORY

- On December 7, 2020, the Council heard a presentation on expansion of the SBBURD and directed staff to move the process forward in 2021.
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- On April 6 the South Billings Urban Renewal Association (SBURA) affirmed its support of expansion of the SBBURD.
  - On April 13, 2021, the Yellowstone County Board of Planning acted affirmatively on a recommendation to the City Council as to the SBBURD expansion's consistency with the 2016 City of Billings Growth Policy.
  - On May 10, the City Council approved the Resolution of Intent to Modify the District, Declare Blight, and set a public hearing date for July 12.
  - On July 12, the Council is scheduled to annex and zone several properties to be included in the District, and conduct a public hearing and conduct a first reading on an ordinance to expand the SBBURD.
  - If the City Council approves the ordinance modifying the SBBURD on first reading on July 12, the Council will conduct a second reading of the ordinance on July 26. The ordinance will take effect 30 days after second reading.

Conformance with the City of Billings 2016 Growth Policy is one requirement for expanding an urban renewal district. Growth Policy conformance is outlined in **Section 14 of the SBBURD Urban Renewal Plan Amendment** and **Section 10 SBBURD Expansion Summary Document**, both attached to this memo. Further, the Yellowstone County Board of Planning provided a recommendation to the City Council on the proposed SBBURD expansion's conformance with the 2016 Growth Policy (See attached Planning Board Letter).

## **STAKEHOLDERS**

The owners of the properties to be included in the modified SBBURD area were contacted by the SBURA Board's representative and City staff about modifications to the District. The owners will be officially notified via letter in accordance with 7-15-4215, MCA, of the public hearing on the modified SBBURD to be held July 12. Notification of the public hearing by the City Council on July 12, will be properly advertised in the *Yellowstone County News*.

## **ALTERNATIVES**

City Council may:

- Approve the ordinance on first reading to expand the SBBURD; or
- Not approve the ordinance on first reading to expand the SBBURD. Staff, the SBURA Board and property owners have been working since Council provided direction in December 2020 to bring

# Involvement of School Districts Within a Tax Increment Financing District

Legislators have raised questions about the extent other taxing jurisdictions, specifically school districts, are involved in the creation of and administration of TIF districts.

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Section 7-15-4282, MCA, requires a TIF provision "take into account the effect on the county and school districts that include local government territory" and §7-15-4284, MCA, specifies a copy of each plan, ordinance, or amendment pertaining to TIF districts be filed with the clerk or other officer of the affected taxing bodies. It does not specify the district specifically notify the other taxing jurisdictions of the decision-making meetings. Despite this, overall survey results and interviews found local governments consistently notified and involved potentially affected taxing jurisdictions when starting the process of creating a TIF district. However, many TIF district managers stated they did not involve other taxing jurisdictions in additional administrative decisions, partially due to a lack of interest from other administrators. For example, local TIF managers claimed local school district administrators are often not interested in attending meetings after learning of changes made to §7-15-4201, MCA, by the 2015 Legislature which affected TIF remittances to school districts. To verify this assertion, we interviewed Office of Public Instruction's School Finance Division staff to determine what effect TIF has on school funding. These interviews and additional statutory review found that because of Montana's school funding formulas, schools have the authority to levy mills to meet their statutorily determined budget limits. As a result, the diversion of the incremental value to TIF districts has little-to-no effect on their funding.

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## **CONCLUSION**

*Though local governments are using a variety of ways to manage TIF districts across the state, including the extent to which they involve other taxing jurisdictions, they appear to be following the public notice and involvement requirements.*

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A REPORT  
TO THE  
MONTANA  
LEGISLATURE

PERFORMANCE AUDIT

# ***Tax Increment Financing Administration and Impact***

***Department of Revenue***

FEBRUARY 2018

LEGISLATIVE AUDIT  
DIVISION

17P-03