

Governor's Property Tax Advisory Council Recommendation

Draft Recommendation for Subcommittee Discussion 5.22.24

Subject Tax Increment Financing Districts reform

Subcommittee Name: Local Government

Recommendation: Review Tax Increment Financing Laws (TIFs) to reduce possible indirect tax increases on local taxpayers. Items to consider – definition of blight, implementation of possible bonding limitations, review years allowed for TIF district to exist and consider resetting TIF increment base periodically and upon termination of a TIF district property assumed by the taxing jurisdictions is not considered new taxable property for MCA 15-10-420 calculations.

Rationale: Although TIF districts are an important part of economic development the additional tax burden on other taxpayers needs to be considered.

Barriers Addressed: The continuing increase of property taxes on property owners.

Key Strategies: The state legislature should consider changes to TIF district statutes.

Dissenting Opinions: Local governments and economic development organizations consider TIFs as a major tool available to communities for economic development.

Supporting Graphics, weblinks or other documentation: The 2023-2024 Revenue Interim Committee is conducting a Property Tax Modernization Study: Tax Increment Financing (TIF) has presented estimates of indirect tax increases on taxpayers due to TIFs. And presented to the Local Government subcommittee on April 4 2024, here:

<https://budget.mt.gov/docs/PropertyTaxTaskForce/LocalGovernmentSubcommittee20240404MooreTIFPresentation.pdf>