

Governor's Property Tax Advisory Council Recommendation

Subcommittee Recommendation Approved for Consideration by the Property Tax Advisory Council

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 which includes an examination of Tax Increment Financing (TIF). The Interim Committee has been presented estimates of the indirect tax increases on taxpayers due to TIFs. This material was presented to the Local Government subcommittee on April 4, 2024, here:

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

Record of Vote

The Local Government Subcommittee voted on this TIF recommendation at its May 22nd meeting. With the full subcommittee in attendance (on zoom), the vote resulted in no "objections" and therefore was passed and will be forwarded to the full Property Tax Advisory Council for consideration.

RLF 5/22/24