



**Item:** Public Hearing - Resolution 10009, Remodeling, Reconstruction or Expansion of Buildings or Structures Tax Benefit for 413, 413½, 415 Central Avenue, located on Lot 11, Block 315, Great Falls Original, Section 3, Township 20 North, Range 3 East, PMM, Cascade County, Montana

**From:** Galen Amy, Planner I, Planning & Community Development Department

**Initiated By:** Garry Hackett, property owner

**Presented By:** Craig Raymond, Interim Director of Planning and Community Development

**Action Requested:** City Commission conduct public hearing, adopt Resolution 10009 for a Remodeling, Reconstruction or Expansion of Buildings or Structures Tax Benefit for Garry Hackett at 413, 413½, 415 Central Avenue

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**Public Hearing:**

1. Mayor conducts public hearing, calling three times each for proponents and opponents.
2. Mayor closes public hearing and asks the will of the Commission.

**Suggested Motions:**

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 10009.”

2. Mayor calls for a second, discussion, and calls for the vote.
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**Staff Recommendation:** Pursuant to Section 15-24-1501 Montana Code Annotated (2011), Staff requests the City Commission adopt Resolution 10009 granting a tax benefit for 413, 413½, 415 Central Avenue, located on Lot 11, Block 315, Great Falls Original, Section 3, Township 20 North, Range 3 East, PMM, Cascade County, Montana.

**Background:** The property owner, Garry Hackett, is reconstructing the building, which has remained only partially renovated and occupied since before 1984. There is retail space on the first floor with space for one apartment, six apartments on the second and third floors, and space for one apartment on the fourth floor. The full renovation and remodeling of the building is expected to be completed in October of 2013. The applicant is requesting approval of the

Remodeling, Reconstruction or Expansion of Buildings or Structures Tax Benefit, and Resolution 10009 has been prepared to comply with the requirement that all applications be approved by resolution.

The City Commission has reviewed and approved applications for Remodeling, Reconstruction or Expansion of Buildings or Structures Tax Benefit in the past. The most recent application, approved in January of 2013, was for the applicant's project located at 609 and 611 Central Avenue. That project was similar in nature with retail space and apartments, although the remodel was triggered by smoke and water damage from the 2010 fire in the adjacent Rocky Mountain Building.

When the remodel is complete, the Department of Revenue will verify that the improvements have been made. In 2012, the total appraised value of the building was \$146,040. The appraised value of the building in 2013 is \$244,450. The appraised value of the building will increase for 2014 based on further construction progress during 2013. For 2013, the Department of Revenue shows the "taxable value" of the building is \$3,238. The amount of ad valorem taxes due is calculated by multiplying the taxable value by the applicable mills. Note that any tax benefit is limited to the increase in taxable value created by the improvements.

Section 15-24-1501, MCA, provides local government the option of giving Tax Benefits for the Remodeling, Reconstruction or Expansion of Existing Buildings or Structures. Section 15-24-1501 MCA reads:

**15-24-1501. Remodeling, reconstruction, or expansion of buildings or structures -- assessment provisions -- levy limitations.** (1) Subject to 15-10-420 and the authority contained in subsection (4) of this section, remodeling, reconstruction, or expansion of existing buildings or structures, which increases their taxable value by at least 2½% as determined by the department, may receive tax benefits during the construction period and for the following 5 years in accordance with subsections (2) through (4) and the following schedule. The percentages must be applied as provided in subsections (3) and (4) and are limited to the increase in taxable value caused by remodeling, reconstruction, or expansion:

Construction period	0%
First year following construction	20%
Second year following construction	40%
Third year following construction	60%
Fourth year following construction	80%
Fifth year following construction	100%
Following years	100%

The law governing this incentive was amended in 1985, requiring that each local governing body (City and County) may approve the Tax Benefit on a project by project basis. If one local government body approves the tax benefit and the other does not, the benefit will apply only to the mills levied by the approving governing body. In addition, tax benefits do not include any relief from state-wide levies and local government approval of the application must be made by resolution.

City Commission policy regarding the approval of remodeling tax benefits was established by Resolution 9004, approved January 19, 1999, and requires that all property taxes on all property owned by the applicant be current and the applicant be allowed to take advantage of only one City program available to provide local development assistance. This policy came about as a result of concern that certain developers were taking advantage of extremely low interest rates, City sponsored new construction or rehabilitation loan programs designed to improve building conditions, improve blighted areas and expand the tax base, and also applying for the reduction in property taxes, which had the net effect of canceling some of the benefit the City was supposed to derive from making the original loan.

In applying this policy to the application received from the current owner, we find that all property taxes are current and that the applicant has not received financial assistance from other City programs for this project.

City Commission set this public hearing on June 4, 2013.

As required by Section 7-1-4127 MCA, due notice of the intent to consider Resolution 10009 were provided through notices of public hearing being published in the *Great Falls Tribune* on May 26, 2013, and June 9, 2013.

**Concurrences:** The Planning and Community Development Department has coordinated with the Department of Revenue throughout the process.

**Fiscal Impact:** Approval of the application will allow the new property taxes generated from the expansion to gradually be added to the property owner's existing property taxes over a five-year period in increments of 20% each year. The Department of Revenue will apply the tax benefit to the 2013 tax year.

The estimated City tax revenue loss would be approximately \$886.00 if the City approved the benefit for "Year of Construction", which reduces the tax rate to 0% for the portion of the improvement value attributed to the remodeling. The estimated City tax revenue loss would be approximately \$708.00 if the City approved the benefit for "1<sup>st</sup> Year after Construction", which reduces the tax rate to .51% (20% of 2.54% tax rate) for the portion of the improvement value attributed to the remodeling.

Future estimations are not possible because of changes to the mill levy and future value changes based on the improvements, as they are completed, and will result in a further increase of the property value and taxable value, which the 20% tax rate would be calculated against.

**Alternatives:** The City Commission may or may not adopt Resolution 10009.

**Attachments/Exhibits:** Enabling Resolution 9004  
Resolution 10009, approving tax benefit for Garry Hackett  
Application

cc: Garry Hackett, 3912 18th Avenue South, Great Falls, MT 59405  
Brenda Ivers, Department of Revenue, [bivers@mt.gov](mailto:bivers@mt.gov)  
Melissa Kinzler, Director of Fiscal Services

RESOLUTION NO. 9004

A RESOLUTION SETTING POLICY FOR APPROVING PROJECTS REQUESTING TAX BENEFITS FOR REMODELING, RECONSTRUCTION OR EXPANSION OF EXISTING BUILDINGS ALLOWED UNDER 15-24-1501 MCA

\* \* \* \* \*

WHEREAS, the State of Montana has provided enabling legislation to encourage redevelopment or expansion of existing buildings, and;

WHEREAS, said encouragement allows for such redevelopment to be taxed at a reduced rate for the first five years, and

WHEREAS, in years one through five, the taxes will increase 20% per year until the project is fully taxed in year six, and;

WHEREAS, the City of Great Falls desires to clarify which buildings will receive this benefit, and;

WHEREAS, the following policy will guide the City Commission in granting approval for such tax credit.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA, AS FOLLOWS:

THE REMODELING, RECONSTRUCTION OR EXPANSION TAX BENEFIT POLICY IS APPROVED AS FOLLOWS:

The City of Great Falls will grant the Tax Benefit specified in 15-24-1501 MCA to projects meeting the following criteria:

1. Create additional employment opportunities within the City.
2. Remodel, reconstruct or expand commercial, industrial or multi-family buildings within the City to improve the tax base and the built environment of Great Falls.
3. Property taxes on all property owned by the applicant must be current.
4. The project has not received other financial assistance from the City.

PASSED by the Commission of the City of Great Falls, Montana, on this 19th day of January, 1999.


  
\_\_\_\_\_  
Joan Bennett, Mayor

ATTEST:

  
\_\_\_\_\_  
Peggy J. Bourne, City Clerk

(SEAL OF CITY)

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Dave Gliko, City Attorney

State of Montana     )  
County of Cascade   : ss.  
City of Great Falls   )

I, Peggy J. Bourne, City Clerk of the City of Great Falls, Montana, do hereby certify that the foregoing Resolution No. 9004 was placed on its final passage and passed by the Commission of the City of Great Falls, Montana, at a meeting thereof held on the 19th day of January, 1999, and approved by the Mayor of said City, on the 19th day of January, 1999.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said City, this 19th day of January, 1999.

  
\_\_\_\_\_  
Peggy J. Bourne, City Clerk

(SEAL OF CITY)

RESOLUTION NO. 10009

A RESOLUTION APPROVING THE APPLICATION FOR TAX BENEFITS FOR THE REMODELING, RECONSTRUCTION, OR EXPANSION OF EXISTING BUILDINGS OR STRUCTURES FOR GARRY HACKETT, 413, 413½, 415 CENTRAL AVENUE, LOCATED ON LOT 11, BLOCK 315, GREAT FALLS ORIGINAL, SECTION 3, TOWNSHIP 20 NORTH, RANGE 3 EAST, PMM, CASCADE COUNTY, MONTANA

\* \* \* \* \*

WHEREAS, State Statutes (15-24-1501, MCA 2011), as amended, provide the opportunity for local governing bodies to give Tax Benefits for the Remodeling, Reconstruction or Expansion of Existing Buildings or Structures; and

WHEREAS, the local governing body must review each application and determine if it is to be approved or denied; and

WHEREAS, The City Commission passed Resolution 9004 on the 19<sup>th</sup> day of January 1999, providing policy for approving projects requesting tax benefits pursuant to Sections 15-24-1501 MCA, and;

WHEREAS, a copy of the processed application form, reflecting the governing body's decision, must be mailed to the Department of Revenue before April 1 of the tax year for which the benefits are sought;

WHEREAS, this tax benefit will apply to tax year 2013; and

WHEREAS, Garry Hackett has submitted a tax benefit application for reconstruction of a building located at 413, 413½, 415 Central Avenue, located on Lot 11, Block 315, Great Falls Original, Section 3, Township 20 North, Range 3 East, PMM, Cascade County, Montana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA, AS FOLLOWS:

That the City Commission of the City of Great Falls does hereby approve said application for Tax Benefit for the Remodeling, Reconstruction or Expansion of Existing Buildings or Structures as submitted.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana, on this 18<sup>th</sup> day of June, 2013.

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Michael J. Winters, Mayor

ATTEST:

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Lisa Kunz, City Clerk

(SEAL OF CITY)

APPROVED FOR LEGAL CONTENT:

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David L. Nielsen, Interim City Attorney

RECEIVED

868-8478

OCT 03 2011

APPLICATION FOR TAX BENEFITS FOR THE REMODELING, RECONSTRUCTION, OR EXPANSION OF EXISTING BUILDINGS OR STRUCTURES

3015-12-2-21-05 P# 1610SD

DEPT. OF REVENUE

This application must be submitted to the appropriate local governing body or bodies by the property owner of record or his agent. The decision of the local governing body or bodies must be mailed to the Department of Revenue before April 1 of the tax year for which the benefits are sought.

1. GARRY HACKETT Name of Applicant - Please Print  
3912 18TH Ave S GREAT FALLS MT 59405  
(Please Print)

do hereby make application for tax benefits for the remodeling, reconstruction, or expansion of existing building(s) or structure(s), in accordance with 15-24-1501, MCA, on the following described lands: (Please attach an additional page if the legal description does not fit within this space.)

GFOriginal Bc 315 lot 11 413/415/ 413 1/2 CENTRAL

I submit the following information in support of this application:

1. Date that the remodeling, reconstruction, or expansion will start OCT 2011
2. Date that the remodeling, reconstruction, or expansion will be completed APR 1 2013
3. Date that the earliest building permit was received Pending 10 2011
4. The construction period for a specific project may not exceed 12 months unless an extension is approved by all affected government bodies. I request a 6 month extension to the 12 month construction period. (Please mark "N.A." if no extension is requested.)
5. Estimated cost of the remodeling, reconstruction, or expansion \$ 450,000.
6. Please supply a brief description and diagram of the remodeling, reconstruction, or expansion: (If additional space is required, please attach additional pages.)

Remodell UPPER 3 FLOORs THAT HAVE BEEN GUTTED SINCE BEFORE 1984, THIS WILL INCLUDE ABT 600 SF ON THE GROUND FLOOR AND CREATE 14 NEW APARTMENTS.

Under penalty for perjury, I hereby certify the facts herein stated are true. I further acknowledge, by my signature, that I have reviewed the information on the reverse side of this form and understand its meaning.

*Garry Hackett*

SIGNATURE OF PROPERTY OWNER OR AGENT

DATE 30 SEPT 2011

SIGNATURE OF PROPERTY OWNER OR AGENT

DATE \_\_\_\_\_ 19\_\_\_\_

FOR COUNTY GOVERNMENT PURPOSES ONLY

Application received by county governing body on \_\_\_\_\_ 19 \_\_\_\_ . This application for tax benefits for the remodeling, reconstruction, or expansion of existing buildings or structures is hereby: \_\_\_\_\_ Approved \_\_\_\_\_ Disapproved

The construction period for a specific project may not exceed 12 months unless an extension is approved by all affected local government bodies. We approve an additional \_\_\_\_\_ month(s) extension to the 12 month construction period.

REASONS:

By \_\_\_\_\_, Chairman-County Commission on \_\_\_\_\_, 19 \_\_\_\_ .

FOR CITY GOVERNMENT PURPOSES ONLY

Application received by city governing body on \_\_\_\_\_ 19 \_\_\_\_ . This application for tax benefits for the remodeling, reconstruction, or expansion of existing buildings or structures is hereby: \_\_\_\_\_ Approved \_\_\_\_\_ Disapproved

The construction period for a specific project may not exceed 12 months unless an extension is approved by all affected local government bodies. We approve an additional \_\_\_\_\_ month(s) extension to the 12 month construction period.

REASONS:

By \_\_\_\_\_, Authorized Agent of City Government on \_\_\_\_\_, 19 \_\_\_\_ .

FOR DEPARTMENT OF REVENUE USE

Application received by the Department of Revenue on \_\_\_\_\_ 19 \_\_\_\_ .

1. The remodeling, reconstruction, or expansion of the existing building or structure increases the taxable value of that structure or building by at least 2 1/2 %: \_\_\_\_\_ Yes \_\_\_\_\_ No
2. This application for tax benefits for the remodeling, reconstruction, or expansion of existing buildings or structures is hereby: \_\_\_\_\_ Approved \_\_\_\_\_ Disapproved
3. If approved, the appropriate tax benefits will be granted for the \_\_\_\_\_ tax year.

REASONS:

By \_\_\_\_\_, County Appraiser on \_\_\_\_\_ 19\_\_\_\_