



Item: Resolution 9977, New or Expanding Industry Tax Benefit for Montana Eggs, LLC, located at 1401 Stuckey Road, Marks 6A, 7 & 8, NW1/4 Section 3, Township 20 North, Range 3 East, Cascade County, Montana

From: Mike Haynes, AICP, Director of Planning and Community Development

Initiated By: Montana Eggs, LLC

Presented By: Mike Haynes, AICP, Director of Planning and Community Development

Action Requested: City Commission set a public hearing for Resolution 9977 on September 4, 2012.

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission set a public hearing to consider Resolution 9977 on September 4, 2012.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Pursuant to Sections 15-24-1401 and 15-24-1402 Montana Code Annotated (2009), Staff requests the City Commission adopt Resolution 9977 granting a tax benefit to Montana Eggs, LLC, 1401 Stuckey Road, Marks 6A, 7 & 8, NW ¼ Section 3 Township 20 North, Range 3 East, Cascade County, Montana.

Background: The property owner, Montana Eggs, LLC, has expanded their existing business to include a centralized and automated egg washing and USDA grading facility (“Facility”). The expansion of the Facility serves approximately twenty-five (25) Hutterite Colonies and processes approximately 60 million eggs per year. Wilcox Farms is responsible for managing and overseeing the production and operations of the egg washing and grading facility for Montana Eggs, LLC, and has created ten (10) new full-time and ten (10) new part-time jobs, while retaining fifty-two (52) existing jobs. The building permits for these structures were issued in April, 2011, by the City of Great Falls.

The business expansion included construction of a new building to house the washing equipment and installation of City utilities. On December 21, 2010, City Commission approved annexation with an initial zoning of I-1 Light Industrial to the ±4.122 acre site and the abutting portions of Stuckey Road and a segment of Northwest Bypass to provide contiguity and containing ±7.34 acres.

Montana Eggs, LLC, is now requesting approval of a tax benefit for approximately \$1,642,727.00 (per building permit applications on file at Planning and Community Development Office) in taxable personal property for a new addition and renovation of the existing building along with concrete foundation and site work. The tax abatement is limited to 100% of the increase in taxable value caused by the rehabilitation, restoration, expansion, or new construction.

Resolution 9977 has been prepared to comply with the requirements of Sections 15-24-1401 and 15-24-1402 MCA (2011), that the application be approved by resolution following due notice as defined in 76-15-103 MCA (2011). Section 15-24-1402 MCA reads:

15-24-1402. New or expanding industry -- assessment -- notification. (1) In the first 5 years after a construction permit is issued, qualifying improvements or modernized processes that represent new industry or expansion of an existing industry, as designated in the approving resolution, must be taxed at 50% of their taxable value. Subject to 15-10-420, each year thereafter, the percentage must be increased by equal percentages until the full taxable value is attained in the 10th year. In subsequent years, the property must be taxed at 100% of its taxable value.

Approval of the application will allow the applicant the benefit of being taxed at 50% of the taxable value each year for the first 5 years after acquisition, and thereafter the percentage must be increased by equal percentages each year as outlined in the following schedule:

First year following acquisition	50%
Second year following acquisition	50%
Third year following acquisition	50%
Fourth year following acquisition	50%
Fifth year following acquisition	50%
Sixth year following acquisition	60%
Seventh year following acquisition	70%
Eighth year following acquisition	80%
Ninth year following acquisition	90%
Tenth year following acquisition	100%
Subsequent years	100%

On July 21, 1998, the City Commission passed Resolution 8967, setting policy for approving projects requesting new or expanding industry tax benefit pursuant to Sections 15-24-1401 and 15-24-1402 M.C.A. (1998). These sections of Code have changed slightly since and list the same four key criteria:

- (1) "Expansion" means that the industry has added after July 1, 1987, at least \$50,000 worth of qualifying improvements or modernized processes to its property within the same jurisdiction either in the first tax year in which the benefits provided for in 15-24-1402 are to be received or in the preceding tax year.
- (2) "Industry" includes but is not limited to a firm that:
 - (a) engages in the mechanical or chemical transformation of materials or substances into products in the manner defined as manufacturing in the North American Industry Classification System Manual prepared by the United States office of management and budget;
 - (b) engages in the extraction or harvesting of minerals, ore, or forestry products;

- (c) engages in the processing of Montana raw materials such as minerals, ore, agricultural products, and forestry products;
 - (d) engages in the transportation, warehousing, or distribution of commercial products or materials if 50% or more of the industry's gross sales or receipts are earned from outside the state;
 - (e) earns 50% or more of its annual gross income from out-of-state sales; or
 - (f) engages in the production of electrical energy in an amount of 1 megawatt or more by means of an alternative renewable energy source as defined in 15-6-225.
- (3) "New" means that the firm is new to the jurisdiction approving the resolution provided for in 15-24-1402(2) and has invested after July 1, 1987, at least \$125,000 worth of qualifying improvements or modernized processes in the jurisdiction either in the first tax year in which the benefits provided for in 15-24-1402 are to be received or in the preceding tax year. New industry does not include property treated as new industrial property under 15-6-135.
- (4) "Qualifying" means meeting all the terms, conditions, and requirements for a reduction in taxable value under 15-24-1402 and this section.

As required by 76-15-103 MCA, public notices for this tax benefit application will be published in the *Great Falls Tribune* on August 19, 2012 and September 2, 2012.

Concurrences: The Department of Revenue has confirmed that the investments in personal property are eligible for the New or Expanding Industry Tax Benefit.

Fiscal Impact: The City will receive 50% of the taxable value each year for the first 5 years after acquisition, and thereafter the percentage must be increased by equal percentages each year until the full taxable value is attained in the 10th year. In subsequent years, the property will be taxed at 100% of its taxable value. Approval of the application will provide tax benefit to the applicant, but the fiscal impact of the new investment will result in increased tax revenues to the City.

Alternatives: The City Commission could not set the public hearing. However, such action would deny the applicant due process and consideration of a public hearing, as provided for in City Code and State Statute.

Attachments/Exhibits:

Resolution 9977
Application from Montana Eggs, LLC

cc: Department of Revenue, Brenda Ivers, 300 Central Ave, Great Falls, MT 59401
Montana Eggs, LLC, c/o Mike Kleinsasser, Kingsbury Colony, Road 600, Valier, MT 59486
Melissa Kinzler, Director of Fiscal Services
Susan Conell, Cascade County Planning Director

RESOLUTION 9977

A RESOLUTION APPROVING THE APPLICATION FOR TAX BENEFITS FOR THE NEW OR EXPANDING INDUSTRY TAX BENEFIT FOR MONTANA EGGS, LLC, 1401 STUCKEY ROAD, LOCATED MARKS 6A, 7 & 8, NW¼ SEC. 3, T20N, R3E, CASCADE COUNTY, MONTANA, AS PURSUANT TO SECTIONS 15-24-1401 AND 15-24-1402 MONTANA CODE ANNOTATED (2011)

* * * * *

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

WHEREAS, said encouragement allows for new or expanding industries to be taxed at 50% of their taxable value for the first five years, and;

WHEREAS, in years six through ten, the taxes will increase by equal percentages until the full taxable value is attained in the tenth year, and;

WHEREAS, Sections 15-24-1401 and 15-24-1402, MCA, as amended provides the opportunity for local governing bodies to give Tax Benefits for the Remodeling, Reconstruction or Expansion of Existing Buildings or Structures, and;

WHEREAS, The City Commission passed Resolution 8967 on 21st day of July 1998, providing policy for approving projects requesting new or expanding industry tax benefit pursuant to Sections 15-24-1401 and 15-24-1402 MCA (1998), and;

WHEREAS, In order for a taxpayer to receive the tax benefits, the City Commission, having jurisdiction, must approved by separate resolution for each project, following due notice as defined in Section 76-15-103 MCA and a public hearing, and;

WHEREAS, Montana Eggs, LLC, 1401 Stuckey Road, located Marks 6A, 7 & 8, NW1/4 Sec. 3, T20N, R3E, Cascade County, Montana has submitted an application for new or expanding industry tax benefit pursuant to Sections 15-24-1401 and 15-24-1402 MCA.

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 new or expanding industry tax benefit pursuant to Sections 15-24-1401 and 15-24-1402 MCA amended.

PASSED AND ADOPTED by the Commission of the City of Great Falls, Montana, on this 4th day of September, 2012.

Michael J. Winters, Mayor

ATTEST:

Lisa Kunz, City Clerk

(SEAL OF CITY)

APPROVED FOR LEGAL CONTENT:

James W. Santoro, City Attorney



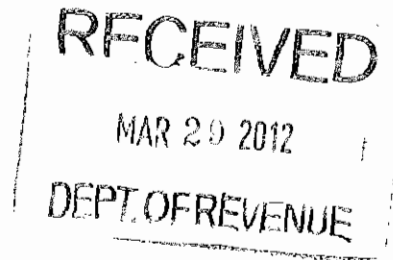
March 26, 2012

Mike Kleinsasser
Montana Eggs LLC
Kingsbury Colony Road 600
Valier, MT 59486

RECEIVED

MAR 30 2012

CITY CLERK



Re: MT Dept. of Revenue "New or Expanding Industry" Classification Application Materials

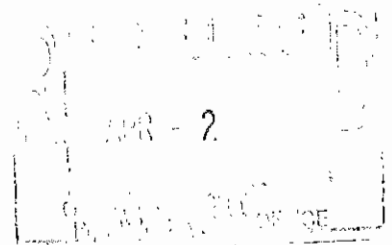
Dear Mike:

Please find enclosed the application materials for the State of Montana Department of Revenue "New or Expanding Industry" Property Tax abatement program. Please print, then sign your name in the space indicated on page 2. I would recommend that you make a copy for your records then place all the completed documents in the enclosed envelope and send off to Brenda Ivers the Cascade County Appraiser. Any questions, please give me a call.

Best regards,

Todd A. Hanson

P.O. Box 500 / 1028 Second Avenue
Havre, Montana 59501
(406) 262-2403 ph / (406) 265-1821 fax
norsmangroup@yahoo.com





**"NEW OR EXPANDING INDUSTRY"
CLASSIFICATION APPLICATION**

****PAGES 1 & 2 TO BE COMPLETED BY APPLICANT****

To: Brenda Ivers, Appraiser (Assessment Office)
Cascade County (County)

Name of Applicant: Montana Eggs, LLC

Mailing Address: Kingsbury Colony Road 600
Valler, Montana 59486

Legal Description Of Affected Property: Lot 4 / Mark: 7 and 8 Section 3 BLK 20 Range 3E

1. Date construction permit issued: February 2011
[If no permit is required, specify the date when certificate in lieu of building permit was issued.]

2. This application covers the (expansion/new) construction of the Montana Eggs Processing Plant plant.

3. An application for "new industry" classification under 15-6-135, MCA has been made to the department of revenue for these facilities..... Yes No

5. The qualifying property consists of the following: See Attached

62-3015-03-2-02-1A-0000 / Pt 2397900

Personal Property used in site that is "attached" on the Real Property.

[ATTACH SITE PLAT, CONSTRUCTION PRINTS, AND DETAILED EQUIPMENT LIST IDENTIFYING THE ABOVE PROPERTY, ALONG WITH COMPLETE INSTALLED COSTS FOR EACH QUALIFYING COMPONENT.]

ORIGINAL - Local Department Of Revenue County Assesment Office 300 Central Ave Ste 520
COPIES - County Clerk & Recorder, County Commissioners & Applicant



**"NEW OR EXPANDING INDUSTRY"
CLASSIFICATION APPLICATION**

5. Complete this section only if the application is for a firm that:

- 1) engages in transportation, warehousing, or distribution of commercial products if 50% or more of the gross receipts are earned from outside the state;
- OR**
- 2) earns 50% or more of its annual gross income from out-of-state sales.

Type of Business: Egg Processing Plant

Total Gross Sales or Receipts:	\$	<u>3,790,127</u>
Total Gross Income:	\$	<u>3,790,127</u>
Sales & Receipts from outside of Montana	\$	<u>2,883,928</u>
Income Earned from sales outside of Montana	\$	<u>2,883,928</u>

[ATTACH INCOME STATEMENTS]

***Income Statements for the 2011 reporting period have been requested from the CPA firm handling Montana Eggs business accounting records and when available, will be provided directly to the appropriate agency.**

APPLICANT SIGNATURE Mike S Kleinsasser

Please Print Name Here Mike S. Kleinsasser



**"NEW OR EXPANDING INDUSTRY"
CLASSIFICATION APPLICATION**

◆◆THIS PAGE(3) TO BE COMPLETED BY TAXING JURISDICTION◆◆

A public hearing on the matter of "New or Expanding" industry resolution for _____ plant was held at the _____ County Courthouse at _____ [AM/PM] on the _____ day of _____, 19____.

- 1. Due notice as defined in 76-15-103 was given.
True and exact copies of said notices.....Yes _____ No _____
- 2. The statutory \$50,000 investment requirement for expansion or modernization has been met.....Yes _____ No _____
- 3. The statutory \$125,000 investment requirement for new improvements or modernized processes has been met.....Yes _____ No _____

This application is made under the provisions of 15-24-1402, MCA, and by the resolution adopted by the _____ of _____ County, on the _____ day of _____, 19____. [TAXING JURISDICTION]

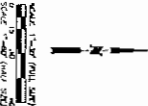
We, the undersigned, _____ of _____ [TITLE] [TAXING JURISDICTION] (approve / disapprove) this application for _____. We find that it (does / does not) conform to the criteria as set forth in the resolution adopted by this _____ on the _____ day of _____, 19____.

Approved tax incentive to be implemented beginning in _____ [ASSESSMENT YEAR].

_____ [NAME]	_____ [TITLE]
_____ [NAME]	_____ [TITLE]
_____ [NAME]	_____ [TITLE]

VENDOR	Description	Reference	Amount	Date	Equity Capital	Construction	Equipment
Fair Haven Colony	Construction	MT Eggs	\$3,000	7/20/2010	\$3,000	\$3,000	
Norsman Consulting Group	Professional	MT Eggs	\$2,000	7/27/2010	\$2,000		
Pro Build	Construction	MT Eggs	\$4,237.06	7/28/2011	\$4,237.06	\$4,237.06	
Fair Haven Colony	Construction	MT Eggs	\$1,542	8/10/2010	\$1,542	\$1,542	
City of Great Falls	Permit Fee	MT Eggs	\$1,100	1/3/2011	\$1,100	\$1,100	
CTA Architects & Engineers	Professional	MT Eggs	\$11,238	1/3/2011	\$11,238	\$11,238	
CTA Architects & Engineers	Professional	MT Eggs	\$6,347.01	1/3/2011	\$6,347.01	\$6,347.01	
Great Falls Development Authority	Loan Admin Fees	MT Eggs	\$9,255	1/13/2011	\$9,255		
Church Harris Johnson Williams	Professional	MT Eggs	\$1,181.71	1/14/2011	\$1,181.71		
Great Falls Development Authority	Equipment	MWB-MT Eggs	\$771,118.66	6/28/2011			\$771,118.66
MOBA BV	Equipment	MT Eggs	\$200,000.00	1/20/2011	\$200,000.00		\$200,000.00
Norsman Consulting Group	Professional	MT Eggs	\$270	2/7/2011	\$270		
Great Falls Development Authority	Loan Admin Fees	MT Eggs	\$5,165	2/8/2011	\$5,165		
McKay Rowen & Associates	Professional	MT Eggs	\$4,750	2/19/2011	\$4,750		
Norsman Consulting Group	Professional	MT Eggs	\$270	2/19/2011	\$270		
Church Harris Johnson Williams	Professional	MT Eggs	\$3,556.02	2/19/2011	\$3,556.02		
North Western Energy	Construction	MT Eggs	\$738	2/28/2011	\$738	\$738	
Norsman Consulting Group	Professional	MT Eggs	\$218	3/12/2011	\$218		
MOBA BV	Equipment	MT Eggs	\$138,607	3/29/2011	\$138,607		\$138,607
Guy Tabacco Construction	Cash Advance	Kingsbury Acct.	\$80,000	4/1/2011	\$80,000	\$80,000	
Vencomatic, Inc.	Equipment	MT Eggs	\$47,700	4/1/2011	\$47,700		\$47,700
Kuhl Corporation	Equipment	MT Eggs	\$30,980	4/4/2011	\$30,980		\$30,980
Church Harris Johnson Williams	Professional	MT Eggs	\$2,804.13	4/22/2011	\$2,804.13		
Neway Packaging Company	Equipment	MT Eggs	\$4,078	5/19/2011	\$4,078		\$4,078
Norsman Consulting Group	Professional	MT Eggs	\$270	5/30/2011	\$270		
Great Falls Development Authority	Loan Admin Fees	MT Eggs	\$3,668.19	6/8/2011	\$3,668.19		
Great Falls Development Authority	Loan Admin Fees	MT Eggs	\$891.79	6/8/2011	\$891.79		
Miller Colony, Inc.	Construction	MT Eggs	\$3,640	6/9/2011	\$3,640	\$3,640	
Norsman Consulting Group	Professional	MT Eggs	\$135	6/24/2011	\$135		
Norsman Consulting Group	Professional	GFDA - MT Eggs	\$50,000	6/28/2011			
CTA Architects & Engineers	Professional	MWB-MT Eggs	\$66,925	6/28/2011			
Guy Tabacco Construction	Construction	MWB - MT Eggs	\$1,101,572.50	6/29/2011		\$1,101,572.50	
Mountain West Bank	Interest Payment	MT Eggs	\$10,611.35	7/28/2011	\$10,611.35		

Cindy Fuson (Card Board Bayler)	Equipment	MT Eggs	\$3,500	7/31/2011	\$3,500		\$3,500
CTA Architects & Engineers	Professional	MWB-MT Eggs	\$65,543	8/8/2011			
Kuhl Corporation	Equipment	MWB-MT Eggs	\$32,340	8/8/2011			
Guy Tabacco Construction	Construction	MWB - MT Eggs	\$394,256.11	8/11/2011		\$394,256.11	\$32,340
Mountain West Bank	Interest Payment	MT Eggs	\$12,718	8/25/2011	\$12,718		
North Western Energy	Construction	MT Eggs	\$1,580.91	9/1/2011	\$1,580.91	\$1,580.91	
Vencomatic, Inc.	Equipment	MWB-MT Eggs	\$111,300.00	9/15/2011			\$111,300.00
Mountain West Bank	Interest Payment	MT Eggs	\$14,524.90	9/26/2011	\$14,524.90		
Guy Tabacco Construction	Construction	MWB - MT Eggs	\$252,816.85	9/26/2011		\$252,816.85	
CTA Architects & Engineers	Professional	MWB-MT Eggs	\$25,924.19	10/3/2011			
Guy Tabacco Construction	Construction	MWB - MT Eggs	\$96,244.50	11/21/2011		\$96,244.50	
Neway Packaging Company	Equipment	MT Eggs	\$9,515.80	10/25/2011	\$9,515.80		\$9,515.80
Mountain West Bank	Interest Payment	MT Eggs	\$15,301.29	11/14/2011	\$15,301.29		
City of Great Falls	Construction	Water/Sewer	\$212,000			\$212,000	
KUHL Corporation	Equipment	Flat Washer	\$11,930				\$11,930
Total Project Costs			\$3,827,365		\$635,394	\$2,142,111	\$1,361,069.66



C2

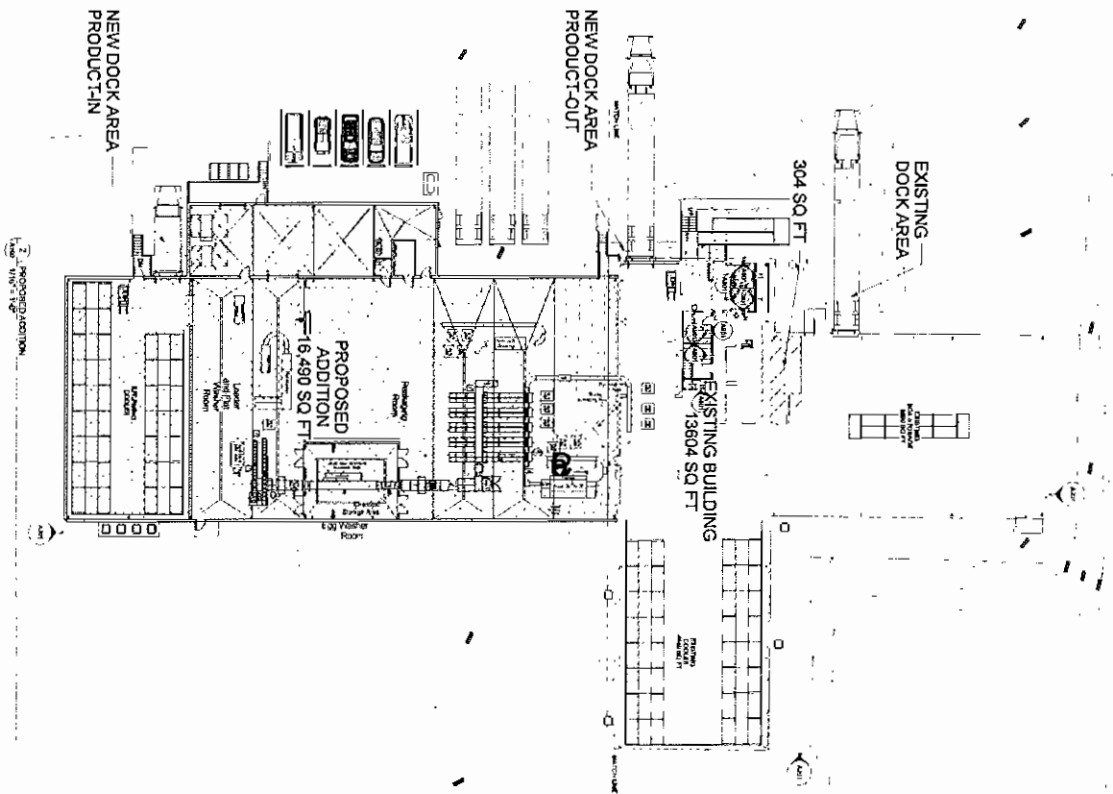
SITE PLAN
BASE BID



CONSTRUCTION
DOCUMENTS 65%

MONTANA EGG LLC
PROPOSED ADDITION
STUCKEY ROAD GREAT FALLS, MT

REVISIONS



NOT FOR CONSTRUCTION - PRELIMINARY DESIGN

PROJECT
A100

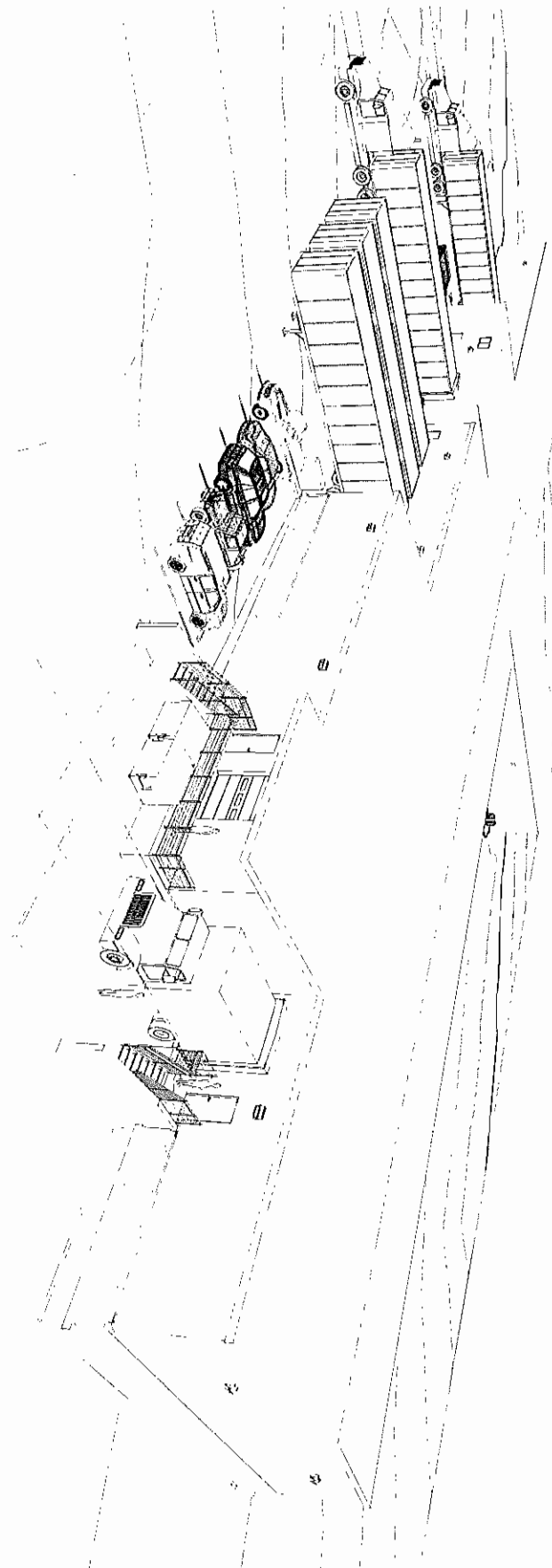


CONTRACT NO. 2018-001
DATE 08/20/18
DRAWN BY [Name]
CHECKED BY [Name]
SCALE 1/8" = 1'-0"

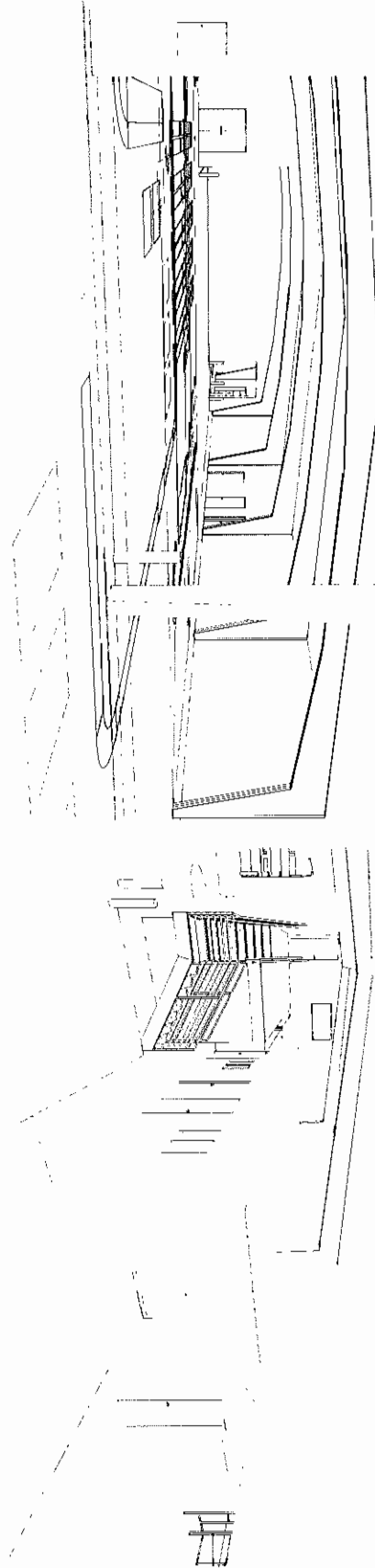
CONSTRUCTION DOCUMENTS

MONTANA EGG LLC
PROPOSED ADDITION
STUCKEY ROAD GREAT FALLS, MT

REVISIONS



1. EAST ELEVATION



2. INTERIOR VIEW & PROCESS

NOT FOR CONSTRUCTION - PRELIMINARY DESIGN

FE, SCAS

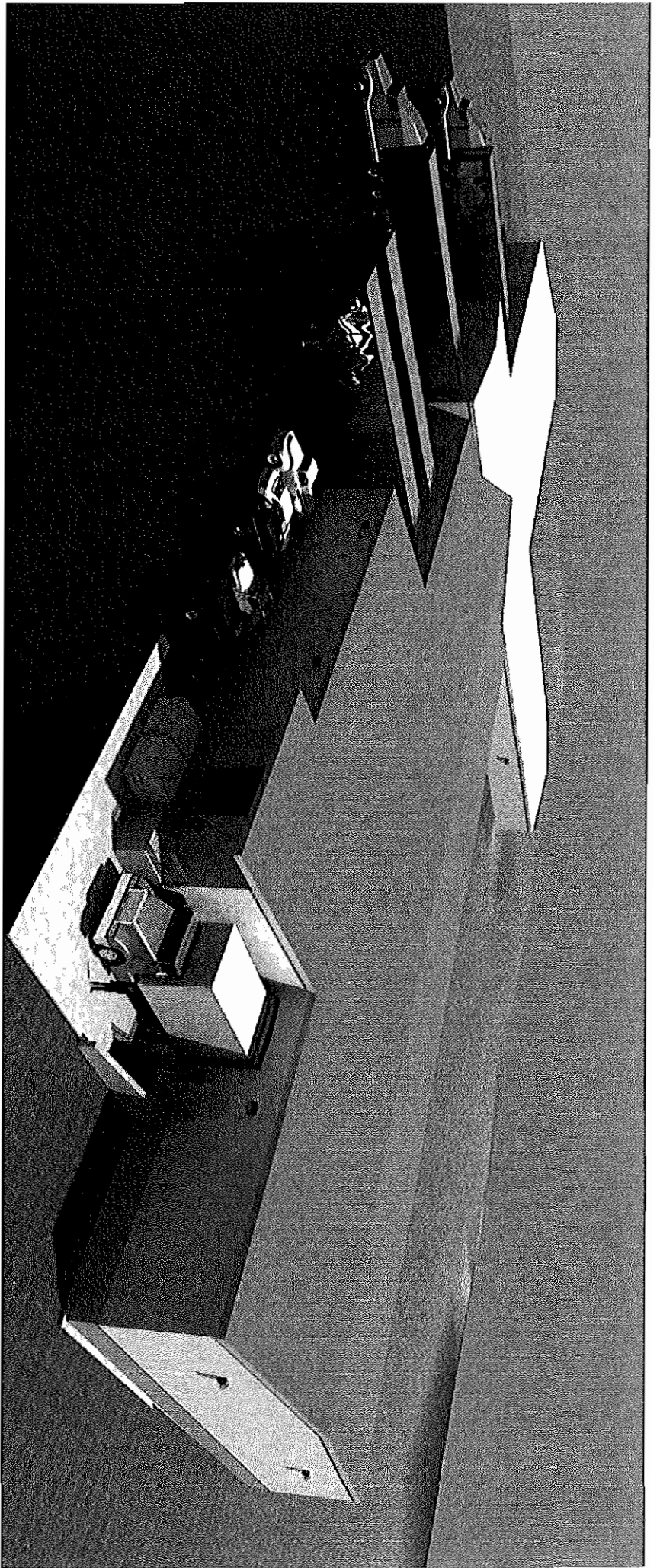
MONTANA EGG LLC
 PROPOSED ADDITION
 STUCKEY ROAD GREAT FALLS, MT

CONSTRUCTION DOCUMENTS

COMPANIES
 CTA, INC.
 ARCHITECTS
 1015 N. 10TH AVENUE
 SUITE 100
 GREAT FALLS, MONTANA 59404
 PHONE: (406) 761-1111
 FAX: (406) 761-1112
 WWW.CTA-INC.COM



SHEET
 A001





Community Development
 Building Division
 2 Park Drive South
 P.O. Box 5021
 Great Falls, MT 59403
 406-455-8430

For Office Use Only
 Date Received: 2/17/11
 Permit #: 11-00259
 Zoning Permit #: 11-00259-01

BUILDING PERMIT APPLICATION
 (Complete all applicable items)

2-17-11

Site Address: MT Egg LLC 1401 Stucky Road
 Valuation of Work: 342727.00 Description of Work: Concrete foundation w/ site work

Type of Building: 1-2 Family Dwelling () Multi-Family () Commercial (X)
 New () Addition (X) Remodel ()
 Total Building Sq. Ft. _____ No. of Floors 1 Fire Sprinkler: Yes X No _____
 Garage: _____ Deck _____ Construction Type _____ Occupancy Type _____

APPLICANT: _____ Phone: _____
 Mailing Address: _____ State _____ Zip Code _____

PROPERTY OWNER: MT. Egg LLC Phone: _____
 Mailing Address: 1401 Stucky Road State MT Zip Code 59404

GENERAL CONTRACTOR: CUTABAKO Const. Phone: 707-7556
 Contact Name: MIKE
 Mailing Address: P.O. Box 550 BE State MT Zip Code 59414

PLUMBING CONTRACTOR: Central Plumbing Phone: 761-2557
 Contact Name: TED
 Mailing Address: _____ State _____ Zip Code _____

MECHANICAL CONTRACTOR: CPH Phone: _____
 Contact Name: TED
 Mailing Address: _____ State _____ Zip Code _____

ELECTRICAL CONTRACTOR: ATK Phone: _____
 Contact Name: ZEKE
 Mailing Address: _____ State _____ Zip Code _____

I hereby certify that the above information is correct and the construction on, and the occupancy of the above described property will be in accordance with the laws, rules, and regulations of the State of Montana. A written letter of authorization from the property owner, if other than the applicaut, shall be submitted indicating knowledge of the applicant's intent.

Signature of Applicant: [Signature] Date: 2-17-11

FOR OFFICE USE ONLY:			
Permit Entered By: <u>11</u>	Fees Due: <u>271360</u>	Design-Review Approval: <u>[Signature]</u>	Building Dept. Approval: <u>[Signature]</u>



Planning & Community Development

Building Division
2 Park Drive South
P.O. Box 5021
Great Falls, MT 59403
406-455-8430

Date Received:

3-16-11

Permit #:

11-00422

Zoning Permit #:

already pd for w/ fcdn permit.

BUILDING PERMIT APPLICATION

(Complete all applicable items)

Site Address: 1401 Stucky Road
Valuation of Work: 1.3 mil Description of Work: new addition/ Renovation
Type of Building: 1-2 Family Dwelling () Multi-Family () Commercial (x)
New () Addition (x) Remodel ()
Total Building Sq. Ft No. of Floors 2 Fire Sprinkler: Yes * No
Garage: Deck Construction Type III B Occupancy Type F1/S.2

APPLICANT: Phone:
Mailing Address: State Zip Code
PROPERTY OWNER: MT Egg Phone:
Mailing Address: State Zip Code
GENERAL CONTRACTOR: CUTIARILLO LOPEZ Phone: 707-7556
Contact Name: MIKE
Mailing Address: State Zip Code
PLUMBING CONTRACTOR: CPH Phone: 761-2557
Contact Name: Ted Luen
Mailing Address: State Zip Code
MECHANICAL CONTRACTOR: CPH Phone: 761-2557
Contact Name: Ted Luen
Mailing Address: State Zip Code
ELECTRICAL CONTRACTOR: ATK. Phone: 452-9541
Contact Name: Zeke
Mailing Address: State Zip Code

I hereby certify that the above information is correct and the construction on, and the occupancy of the above described property will be in accordance with the laws, rules, and regulations of the State of Montana. A written letter of authorization from the property owner, if other than the applicant, shall be submitted indicating knowledge of the applicant's intent.
Signature of Applicant: [Signature] Date: 3-15-11

FOR OFFICE USE ONLY:
Table with 4 columns: Permit Entered By, Fees Due, Design Review/Approval, Building Dept. Approval