



Item: Resolution 10119- A Resolution Establishing Criteria For Evaluating Tax Abatement or Benefit Requests

From: Planning and Community Development

Initiated By: Great Falls City Commission

Presented By: Craig Raymond, CBO, Director, Planning and Community Development

Action Requested: Adopt Resolution 10119- A Resolution Establishing Criteria for Evaluating Tax Abatement or Benefit Requests

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 10119- a Resolution Establishing Criteria for Evaluating Tax Abatement or Benefit Requests”

2. Mayor requests a second to the motion, Commission discussion, public comment, and calls for the vote.

Staff Recommendation: Staff recommends that the City Commission adopt Resolution 10119.

Summary: Previous Commission resolutions for the consideration of tax abatement or benefits have been adopted by the City Commission during different periods of time.

- Resolution 8728, adopted in 1995 regarding Historic Preservation or Districts
- Resolution 8967, adopted in 1998 regarding New or Expanding Industry
- Resolution 9004, adopted in 1999 regarding Remodeling, Reconstruction or Expansion of Existing Buildings

The City Commission has asked for clarification on the criteria for approval of tax abatement and benefit requests. Resolution 10119 provides not only clarification of the criteria, but also establishes consistent criteria between the different types of tax benefits and allows the Commission greater flexibility in considering whether to utilize its discretion in approving or not approving tax abatement or benefit applications.

Background: The State of Montana has provided enabling legislation to encourage new and expanding industry (MCA 15-24-1402), redevelopment or expansion of existing buildings (MCA 15-24-1501) and restoration, rehabilitation, expansion and new construction of residential and commercial properties within historic districts (15-24-1601) through certain tax abatements and

benefits. The Montana Supreme Court has stated that a governing body has discretion to approve or deny these abatement requests.

Each of these benefit programs have specific criteria for eligibility which must be met in order for a project to qualify for tax benefits, as well as specific performance measures for the governing body in the processing of the tax benefit application. Each tax benefit program also contains provisions for the recapture of property taxes by the local governing body if the ownership or use of the property does not meet the requirements of the statutes.

Resolution 10119 enables the Commission to evaluate, and consider tax abatement requests, directs the Commission to establish eligibility for each project and allows the Commission to consider other factors which may influence whether certain tax abatement applications are deemed acceptable.

The following criteria will be established if Resolution 10119 is adopted:

1. The City's financial and economic status at the time of the application or consideration of the application;
2. The application's meeting all statutory criteria for the particular project;
3. The status and currency of the property or other taxes on the property;
4. The project's effect on the tax base and environment of the City;
5. The project's effect on employment opportunities within the City;
6. Whether the project is located within a Tax Increment Financing District;
7. Whether the project has received additional financial assistance from the City or other authorities having jurisdiction;
8. The design review assistance and certification for qualifying properties from the state historic preservation office for requests under Mont. Code Ann. §15-24-1601 *et seq.*;
9. The valuation of the property and the associated taxes;
10. Whether conferring the tax benefit will create an adverse impact on existing state, county or municipal services; and/or
11. Other criteria as reasonable for the best interests of the City.

Fiscal Impact: The adoption of Resolution 10119 does not have a direct fiscal impact; rather, it provides for and encourages the Commission to utilize its discretion to consider the fiscal impact of each project on the community when tax abatement and benefit applications are being reviewed.

Alternatives: The Commission may reject Resolution 10119; however, the review of future tax abatement applications will be made without the delineation of specific criteria, or flexibility and discretion that Resolution 10119 provides for.

Concurrences: The City Attorney's offices as well as the City Manager's office are in concurrence with adoption of this Resolution.

Attachments/Exhibits: Resolution 10119

RESOLUTION NO. 10119

**A RESOLUTION ESTABLISHING CRITERIA FOR EVALUATING TAX
ABATEMENT OR BENEFIT REQUESTS**

WHEREAS, the State of Montana has provided enabling legislation to guide the administration of a property tax abatement program for new or expansion of existing industry under Mont. Code Ann. §15-24-1401 *et seq.*; and

WHEREAS, the State of Montana has further provided enabling legislation to guide the administration of a property tax abatement or benefit program for remodeling, reconstruction or expansion of buildings or structures under Mont. Code Ann. §15-24-1501 *et seq.*; and

WHEREAS, the State of Montana has further provided enabling legislation to guide the administration of a property tax abatement program for the restoration, rehabilitation, expansion and new construction of certified residential and commercial property located within the national register of historic districts and properties listed in the National Register of Historic Places under Mont. Code Ann. §15-24-1601 *et seq.*; and

WHEREAS, it is deemed to be in the public interest to encourage and promote within the City of Great Falls:

the remodeling, reconstruction of buildings or structures,

the development of new industry or expansion of existing industry, and

the restoration, rehabilitation, expansion and new construction of certified residential and commercial property located within the national register of historic districts and properties listed in the National Register of Historic Places; and

WHEREAS, Montana law provides the City Commission the authority to use its discretion in determining which properties will be afforded tax abatements; and

WHEREAS, the following policies will guide the City Commission in evaluating whether or not to confer upon qualifying applicants an abatement of taxes.

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

The City of Great Falls will evaluate, consider, and then approve, modify, or deny requests for tax benefits based upon the following factors, as applicable:

1. The City's financial and economic status at the time of the application or consideration of the application;
2. The application's meeting all statutory criteria for the particular project;
3. The status and currency of the property or other taxes on the property;

4. The project's effect on the tax base and environment of the City;
5. The project's effect on employment opportunities within the City;
6. Whether the project is located within a Tax Increment Financing District;
7. Whether the project has received additional financial assistance from the City or other authorities having jurisdiction;
8. The design review assistance and certification for qualifying properties from the state historic preservation office for requests under Mont. Code Ann. §15-24-1601 *et seq.*;
9. The valuation of the property and the associated taxes;
10. Whether conferring the tax benefit will create an adverse impact on existing state, county or municipal services; and/or
11. Other criteria as reasonable for the best interests of the City.

This Resolution shall become effective upon adoption and shall supersede Resolution Nos. 8728, 8967 and 9004.

PASSED and ADOPTED by the City Commission of the City of Great Falls, Montana, this _____ day of _____, 2015.

Michael J. Winters, Mayor

ATTEST:

Lisa Kunz, City Clerk

(SEAL OF CITY)

APPROVED FOR LEGAL CONTENT:

Sara R. Sexe, City Attorney