



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.

Summary: At its November 17, 2015, meeting the City Commission postponed their decision to approve Resolution 10119 pending further Commission review and comment. Commissioner Bronson provided additional language and edits for additional consideration. The changes were used in part to create the revised version of Resolution 10119.

Background: 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.

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 factors are identified in the attached proposed Resolution 10119.

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 (revised from November 17, 2015 draft)

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 expanding 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 expanding 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 property 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 property taxes.

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

1. The purpose of this Resolution is to establish a guide for the City of Great Falls for processing and reviewing applications for property tax abatement under the provisions of the aforementioned statutes. The fundamental purpose of property tax abatements is to encourage desirable development, redevelopment or improvements which clearly demonstrate a need for assistance and a public benefit. Applications for property tax abatement will be evaluated on a case-by-case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project. Meeting policy criteria will not guarantee the granting of property tax abatements on applications. Approval or denial of one project is not intended to establish precedent for approval or denial of another project.

2. The City of Great Falls will, in its discretion, evaluate and then approve, modify, or deny requests for tax benefits based upon one or more of the following factors, as applicable:
 - a. Whether the City's financial condition at the time of the application or consideration of the application warrants granting the application;
 - b. Whether the application meets all pertinent statutory criteria for the particular project;
 - c. Whether the property taxes or other taxes and/or assessments on the property are current;
 - d. Whether the project may unreasonably affect the tax base of the City;
 - e. Whether the project would impact employment opportunities within the City;
 - f. Whether the project is located within a Tax Increment Financing (TIF) or Targeted Economic Development (TED) District;
 - g. Whether the project has already received additional financial assistance from the City or other authorities having jurisdiction;
 - h. As to applications filed pursuant to Mont. Code Ann. §15-24-1601 *et seq.*, whether the Montana state historic preservation office has provided design review assistance and certification for qualifying properties;
 - i. Whether the project will create affordable housing opportunities;
 - j. Whether the project will encourage additional, unsubsidized development in the area of the project, either directly or indirectly, through "spin-off" development;
 - k. Whether the project will facilitate the development process and achieve development on sites which would not be developed without assistance, or would not be developed at a level of acceptable quality;
 - l. Whether the project would encourage redevelopment of commercial and industrial areas in the City of Great Falls, resulting in a higher level and quality of re-investment;
 - m. Whether the project would encourage removal of blight, or the rehabilitation of a high profile or priority site;
 - n. Whether the application is sought in whole or in part because of increased costs of redevelopment, such as clean-up of a contaminated site, demolition expenses, and the like, over and above costs normally incurred in development;
 - o. Whether the project could be developed without the benefit of a tax abatement; i.e., but for the allowance of a tax abatement, the project would not be developed or pursued;

p. Whether conferring the tax benefit will create an adverse impact on existing state, county or municipal services;

q. Whether the project contributes to the implementation of other policies adopted by the City, including, but not limited to, the City's Growth Policy; and/or

r. Whether the project would meet other criteria as would be considered 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