

SENATE BILL NO. 236

INTRODUCED BY HARP, KENNEDY, WANZENRIED,
BOHARSKI, CONNELLY, TOWE, THAYER, HALLIGAN,
VAN VALKENBURG, MAZUREK

IN THE SENATE

JANUARY 30, 1991 INTRODUCED AND REFERRED TO COMMITTEE
 ON TAXATION.

 FIRST READING.

FEBRUARY 15, 1991 COMMITTEE RECOMMEND BILL
 DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 16, 1991 PRINTING REPORT.

 SECOND READING, DO PASS.

FEBRUARY 18, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
 AYES, 49; NOES, 0.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
 ON BUSINESS & ECONOMIC DEVELOPMENT.

 FIRST READING.

MARCH 8, 1991 ON MOTION, REREFERRED TO COMMITTEE
 ON TAXATION.

APRIL 5, 1991 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN. REPORT ADOPTED.

APRIL 6, 1991 SECOND READING, CONCURRED IN.

APRIL 8, 1991 THIRD READING, CONCURRED IN.
 AYES, 91; NOES, 4.

 RETURNED TO SENATE.

IN THE SENATE

APRIL 9, 1991 RECEIVED FROM HOUSE.

SENT TO ENROLLING.

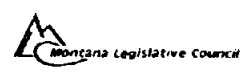
REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *236*
 2 INTRODUCED BY *HARP Kennedy WENZELBACH Wm E. Bl.*
 3 *Connelly* *Tax* *Development* *Halley* *Van Vleet*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE URBAN
 5 RENEWAL LAWS; CHANGING THE PERIOD OF THE ANNUAL REPORT;
 6 PROVIDING FOR CERTAIN REDEVELOPMENT ACTIVITIES TO BE
 7 UNDERTAKEN IN ACCORDANCE WITH A DEVELOPMENT AGREEMENT;
 8 REVISING THE TERMINATION OF TAX INCREMENT FINANCING;
 9 AMENDING SECTIONS 7-15-4237, 7-15-4258, AND 7-15-4292, MCA;
 10 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 **Section 1.** Section 7-15-4237, MCA, is amended to read:
 14 "7-15-4237. Annual report. (1) An agency authorized to
 15 transact business and exercise powers under this part and
 16 part 43 shall file with the local governing body, on or
 17 before ~~March-31~~ September 30 of each year, a report of its
 18 activities for the preceding ~~calendar~~ fiscal year.
 19 (2) The report shall include a complete financial
 20 statement setting forth its assets, liabilities, income, and
 21 operating expenses as of the end of ~~such-calendar~~ the fiscal
 22 year.
 23 (3) At the time of filing the report, the agency shall
 24 publish in a newspaper of general circulation in the
 25 community a notice to the effect that such report has been

1 filed with the municipality and that the report is available
 2 for inspection during business hours in the office of the
 3 city clerk and in the office of the agency."

4 **Section 2.** Section 7-15-4258, MCA, is amended to read:
 5 "7-15-4258. Acquisition and administration of real and
 6 personal property. (1) Every municipality shall have power
 7 to:
 8 (a) acquire by purchase, lease, option, gift, grant,
 9 bequest, devise, eminent domain, or otherwise any real
 10 property and such personal property as may be necessary for
 11 the administration of the provisions contained in this part
 12 and part 43, together with any improvements thereon;
 13 (b) hold, improve, clear, or prepare for redevelopment
 14 any such property;
 15 (c) dispose of any real or personal property;
 16 (d) insure or provide for the insurance of any real or
 17 personal property or operations of the municipality against
 18 any risks or hazards, including the power to pay premiums on
 19 any such insurance; and
 20 (e) enter into a development agreement with the owner
 21 of real property within an urban renewal area and undertake
 22 activities, including the acquisition, removal, or
 23 demolition of structures, improvements, or personal property
 24 located on the real property, to prepare the property for
 25 redevelopment.



1 (2) A development agreement entered into in accordance
 2 with subsection (1)(e) must contain provisions obligating
 3 the owner to redevelop the real property for a specified use
 4 consistent with the urban renewal plan and offering recourse
 5 to the municipality if the redevelopment is not completed as
 6 determined by the local governing body. The development
 7 agreement may not constitute the acquisition of an interest
 8 in real property by the municipality within the meaning of
 9 7-15-4262 or 7-15-4263.

10 ~~(2)~~(3) However, no statutory provision with respect to
 11 the acquisition, clearance, or disposition of property by
 12 public bodies shall restrict a municipality in the exercise
 13 of such functions with respect to an urban renewal project.

14 ~~(3)~~(4) A municipality shall not acquire real property
 15 for an urban renewal project or enter into a development
 16 agreement, as provided in subsection (1)(e), unless the
 17 local governing body has approved the urban renewal project
 18 plan in accordance with 7-15-4216(2) and 7-15-4217."

19 **Section 3.** Section 7-15-4292, MCA, is amended to read:

20 "7-15-4292. Termination of tax increment financing --
 21 exception. (1) The tax increment provision shall terminate
 22 upon the later of:

23 (a) the ~~10th~~ 15th year following its adoption or, if
 24 the tax increment provision was adopted prior to January 1,
 25 1980, upon the ~~12th~~ 17th year following adoption; or

1 (b) the payment or provision for payment in full or
 2 discharge of all bonds for which the tax increment has been
 3 pledged and the interest thereon.

4 (2) Any amounts remaining in the special fund or any
 5 reserve fund after termination of the tax increment
 6 provision shall be distributed among the various taxing
 7 bodies in proportion to their property tax revenues from the
 8 district.

9 (3) After termination of the tax increment provision,
 10 all taxes shall be levied upon the actual taxable value of
 11 the taxable property in the urban renewal area or the
 12 industrial district and shall be paid into the funds of the
 13 respective taxing bodies.

14 ~~No--bonds-with~~ Bonds secured in whole or in part by
 15 a tax increment provisions for--the--repayment---thereof
 16 provision may not be issued subsequent-to after the 10th
 17 15th anniversary of tax increment provisions adopted after
 18 January 1, 1980, and the ~~12th~~ 17th anniversary of tax
 19 increment provisions adopted prior to January 1, 1980.
 20 However, if bonds secured by a tax increment provision are
 21 outstanding on the applicable anniversary, additional bonds
 22 secured by the tax increment provision may be issued if the
 23 final maturity date of the bonds is not later than the final
 24 maturity date of any bonds then outstanding and secured by
 25 the tax increment provision."

LC 1579/01

1 NEW SECTION. **Section 4.** Effective date. [This act] is
2 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0236, as amended.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill revising the urban renewal laws; changing the period of the annual report; providing for certain redevelopment activities to be undertaken in accordance with a development agreement; and revising the termination of tax increment financing.

ASSUMPTIONS:

1. Bonds will be issued under the extended authority provided by the bill and incremental value is created.
2. Assume the new bonds are issued by an existing tax increment finance district (TIF) that receives equalization payments under 20-9-360 (2), MCA.


FISCAL IMPACT:

Revenue from the university levy on the increment will not be affected.


Foundation program payments under 20-9-360 (2), MCA will be reduced by the total amount of school district revenues received by the district on any incremental project property. A slight net savings to the foundation program should result.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

To the extent the bill results in an expansion of TIF districts, increased county and city revenues will be foregone until the bonds are retired.



ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning



JOHN G. HARP, PRIMARY SPONSOR DATE
2/15/91

Fiscal Note for SB0236, as amended.

SB 236

APPROVED BY COMMITTEE
ON TAXATION

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 11 PROVIDING FOR THE REDUCTION IN TAX INCREMENT DISTRIBUTIONS
 12 UNDER CERTAIN CONDITIONS; AMENDING SECTIONS 7-15-4237,
 13 7-15-4258, 7-15-4286, AND 7-15-4292, MCA; AND PROVIDING AN
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 21 before ~~March 31~~ September 30 of each year, a report of its
 22 activities for the preceding ~~calendar~~ fiscal year.
 23 (2) The report shall include a complete financial
 24 statement setting forth its assets, liabilities, income, and
 25 operating expenses as of the end of ~~such-calendar~~ the fiscal

1 year.

2 (3) At the time of filing the report, the agency shall
 3 publish in a newspaper of general circulation in the
 4 community a notice to the effect that such report has been
 5 filed with the municipality and that the report is available
 6 for inspection during business hours in the office of the
 7 city clerk and in the office of the agency."

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 13 bequest, devise, eminent domain, or otherwise any real
 14 property and such personal property as may be necessary for
 15 the administration of the provisions contained in this part
 16 and part 43, together with any improvements thereon;
 17 (b) hold, improve, clear, or prepare for redevelopment
 18 any such property;
 19 (c) dispose of any real or personal property;
 20 (d) insure or provide for the insurance of any real or
 21 personal property or operations of the municipality against
 22 any risks or hazards, including the power to pay premiums on
 23 any such insurance; and
 24 (e) enter into a development agreement with the owner
 25 of real property within an urban renewal area and undertake

SECOND READING

1 activities, including the acquisition, removal, or
 2 demolition of structures, improvements, or personal property
 3 located on the real property, to prepare the property for
 4 redevelopment.

5 (2) A development agreement entered into in accordance
 6 with subsection (1)(e) must contain provisions obligating
 7 the owner to redevelop the real property for a specified use
 8 consistent with the urban renewal plan and offering recourse
 9 to the municipality if the redevelopment is not completed as
 10 determined by the local governing body. The development
 11 agreement may not constitute the acquisition of an interest
 12 in real property by the municipality within the meaning of
 13 7-15-4262 or 7-15-4263.

14 ~~(2)~~(3) However, no statutory provision with respect to
 15 the acquisition, clearance, or disposition of property by
 16 public bodies shall restrict a municipality in the exercise
 17 of such functions with respect to an urban renewal project.

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 19 for an urban renewal project or enter into a development
 20 agreement, as provided in subsection (1)(e), unless the
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 22 plan in accordance with 7-15-4216(2) and 7-15-4217."

23 **Section 3.** Section 7-15-4292, MCA, is amended to read:

24 "7-15-4292. Termination of tax increment financing --
 25 exception -- REDUCTION IN TAX INCREMENT DISTRIBUTION. (1)

1 The tax increment provision shall terminate upon the later
 2 of:

3 (a) the ~~10th~~ 15th year following its adoption or, if
 4 the tax increment provision was adopted prior to January 1,
 5 1980, upon the ~~12th~~ 17th year following adoption; or

6 (b) the payment or provision for payment in full or
 7 discharge of all bonds for which the tax increment has been
 8 pledged and the interest thereon.

9 (2) Any amounts remaining in the special fund or any
 10 reserve fund after termination of the tax increment
 11 provision shall be distributed among the various taxing
 12 bodies in proportion to their property tax revenues from the
 13 district.

14 (3) After termination of the tax increment provision,
 15 all taxes shall be levied upon the actual taxable value of
 16 the taxable property in the urban renewal area or the
 17 industrial district and shall be paid into the funds of the
 18 respective taxing bodies.

19 (4) ~~No bonds with Bonds secured in whole or in part by~~
 20 a tax increment provisions for--the--repayment--thereof
 21 provision may not be issued subsequent--to after the ~~10th~~
 22 15th anniversary of tax increment provisions adopted after
 23 January 1, 1980, and the ~~12th~~ 17th anniversary of tax
 24 increment provisions adopted prior to January 1, 1980.
 25 However, if bonds secured by a tax increment provision are

1 outstanding on the applicable anniversary, additional bonds
 2 secured by the tax increment provision may be issued if the
 3 final maturity date of the bonds is not later than the final
 4 maturity date of any bonds then outstanding and secured by
 5 the tax increment provision.

6 (5) (A) IF A MUNICIPALITY ISSUES BONDS SECURED IN WHOLE
 7 OR IN PART BY A TAX INCREMENT PROVISION AFTER THE 10TH YEAR
 8 FOLLOWING A TAX INCREMENT PROVISION ADOPTED AFTER JANUARY 1,
 9 1980, OR AFTER THE 12TH YEAR FOLLOWING A TAX INCREMENT
 10 PROVISION ADOPTED BEFORE JANUARY 1, 1980, IT IS NOT ENTITLED
 11 TO THE FULL DISTRIBUTION PROVIDED IN 20-9-360(2).

12 (B) THE STATE TREASURER SHALL REDUCE THE DISTRIBUTION
 13 TO THE MUNICIPALITY IN EACH FISCAL YEAR AFTER THE FISCAL
 14 YEAR IN WHICH THE BONDS REFERRED TO IN SUBSECTION (5)(A) ARE
 15 ISSUED BY AN AMOUNT EQUAL TO THE INCREASED TAXABLE VALUE OF
 16 THE PROJECT PROPERTY MULTIPLIED BY THE TOTAL NUMBER OF MILLS
 17 LEVIED AND ASSESSED FOR SCHOOL DISTRICT PURPOSES AGAINST THE
 18 PROPERTY IN THE PREVIOUS CALENDAR YEAR. THE DEPARTMENT OF
 19 REVENUE SHALL CERTIFY TO THE STATE TREASURER BY SEPTEMBER 1
 20 OF EACH YEAR THE INCREASED TAXABLE VALUE OF THE PROJECT
 21 PROPERTY.

22 (C) IF THE MUNICIPALITY ISSUES MORE THAN ONE BOND
 23 SERIES AFTER JANUARY 1, 1991, THE DISTRIBUTION TO THE
 24 MUNICIPALITY AS PROVIDED IN 20-9-360(2) IS REDUCED, AS
 25 DETERMINED IN SUBSECTION (5)(B), BY THE SUM OF THE AMOUNTS

1 OF EACH BOND ISSUE.

2 (6) FOR THE PURPOSES OF SUBSECTION (5):

3 (A) "PROJECT PROPERTY" IS THE VALUE OF PROPERTY WITHIN
 4 AN URBAN RENEWAL AREA AFFECTED BY AN URBAN RENEWAL PROJECT
 5 TO BE FINANCED IN WHOLE OR IN PART FROM THE PROCEEDS OF THE
 6 BONDS ISSUED PURSUANT TO SUBSECTION (5)(A), CERTIFIED BY THE
 7 MUNICIPALITY TO THE DEPARTMENT OF REVENUE AT THE TIME THE
 8 BONDS ARE ISSUED AND IDENTIFIED BY A TAX IDENTIFICATION
 9 NUMBER. PROPERTY IS AFFECTED BY AN URBAN RENEWAL PROJECT IF
 10 THE PROPERTY:

11 (I) IS TO BE ACQUIRED OR IMPROVED AS PART OF THE URBAN
 12 RENEWAL PROJECT;

13 (II) IS LOCATED ON PROPERTY THAT IS TO BE ACQUIRED OR
 14 IMPROVED AS PART OF THE URBAN RENEWAL PROJECT;

15 (III) IS CONTIGUOUS TO OR LOCATED ON PROPERTY CONTIGUOUS
 16 TO, PROPERTY REFERRED TO IN SUBSECTION (6)(A)(I) OR
 17 (6)(A)(II), INCLUDING ADJACENT PROPERTY SEPARATED BY A ROAD,
 18 STREAM, STREET, OR RAILROAD; OR

19 (IV) IS INCLUDED IN AN AGREEMENT BETWEEN A PERSON AND
 20 THE MUNICIPALITY IN CONNECTION WITH THE URBAN RENEWAL
 21 PROJECT FOR THE ISSUANCE OF THE BONDS AND IF UNDER THE
 22 AGREEMENT, THE PERSON UNDERTAKES TO DEVELOP OR REDEVELOP THE
 23 PROPERTY; AND

24 (B) "INCREASED TAXABLE VALUE" MEANS THE DIFFERENCE
 25 BETWEEN THE TAXABLE VALUE OF THE PROJECT PROPERTY FOR THE

1 CURRENT FISCAL YEAR AND THE TAXABLE VALUE OF THE PROJECT
2 PROPERTY FOR THE FISCAL YEAR IN WHICH THE BONDS WERE
3 ISSUED."

4 SECTION 4. SECTION 7-15-4286, MCA, IS AMENDED TO READ:

5 "7-15-4286. Procedure to determine and disburse tax
6 increment. (1) Mill rates of taxing bodies for taxes levied
7 after the effective date of the tax increment provision
8 shall be calculated on the basis of the sum of the taxable
9 value, as shown by the last equalized assessment roll, of
10 all taxable property located outside the urban renewal area
11 or industrial district and the base taxable value of all
12 taxable property located within the urban renewal area or
13 industrial district. The mill rate so determined shall be
14 levied against the sum of the actual taxable value of all
15 taxable property located within as well as outside the urban
16 renewal area or industrial district.

17 (2) (a) The tax increment, if any, received in each
18 year from the levy of the combined mill rates of all the
19 affected taxing bodies against the incremental taxable value
20 within the urban renewal area or industrial district, except
21 for the university system mills levied and assessed against
22 property as defined in 7-15-4292(6)(a), shall be paid into a
23 special fund held by the treasurer of the municipality and
24 used as provided in 7-15-4282 through 7-15-4292.

25 (b) The balance of the taxes collected in each year

1 shall be paid to each of the taxing bodies as otherwise
2 provided by law."

3 NEW SECTION. Section 5. Effective date. [This act] is
4 effective on passage and approval.

-End-

SENATE BILL NO. 236

INTRODUCED BY HARP, KENNEDY, WANZENRIED,
BOHARSKI, CONNELLY, TOWE, THAYER, HALLIGAN,
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any risks or hazards, including the power to pay premiums on
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THIRD READING



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 2 demolition of structures, improvements, or personal property
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 4 redevelopment.

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 6 with subsection (1)(e) must contain provisions obligating
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20 within the urban renewal area or industrial district, except
21 for the university system mills levied and assessed against
22 property as defined in 7-15-4292(6)(a), shall be paid into a
23 special fund held by the treasurer of the municipality and
24 used as provided in 7-15-4282 through 7-15-4292.

25 (b) The balance of the taxes collected in each year

1 shall be paid to each of the taxing bodies as otherwise
2 provided by law."

3 NEW SECTION. Section 5. Effective date. [This act] is
4 effective on passage and approval.

-End-

1 SENATE BILL NO. 236

2 INTRODUCED BY HARP, KENNEDY, WANZENRIED,
3 BOHARSKI, CONNELLY, TOWE, THAYER, HALLIGAN,
4 VAN VALKENBURG, MAZUREK

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE URBAN
7 RENEWAL LAWS; CHANGING THE PERIOD OF THE ANNUAL REPORT;
8 PROVIDING FOR CERTAIN REDEVELOPMENT ACTIVITIES TO BE
9 UNDERTAKEN IN ACCORDANCE WITH A DEVELOPMENT AGREEMENT;
10 REVISING THE TERMINATION OF TAX INCREMENT FINANCING;
11 PROVIDING FOR THE REDUCTION IN TAX INCREMENT DISTRIBUTIONS
12 UNDER CERTAIN CONDITIONS; AMENDING SECTIONS 7-15-4237,
13 7-15-4258, 7-15-4286, AND 7-15-4292, MCA; AND PROVIDING AN
14 IMMEDIATE EFFECTIVE DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 **Section 1.** Section 7-15-4237, MCA, is amended to read:

18 "7-15-4237. **Annual report.** (1) An agency authorized to
19 transact business and exercise powers under this part and
20 part 43 shall file with the local governing body, on or
21 before ~~March-31~~ September 30 of each year, a report of its
22 activities for the preceding ~~calendar~~ fiscal year.

23 (2) The report shall include a complete financial
24 statement setting forth its assets, liabilities, income, and
25 operating expenses as of the end of such-~~calendar~~ the fiscal

1 year.

2 (3) At the time of filing the report, the agency shall
3 publish in a newspaper of general circulation in the
4 community a notice to the effect that such report has been
5 filed with the municipality and that the report is available
6 for inspection during business hours in the office of the
7 city clerk and in the office of the agency."

8 **Section 2.** Section 7-15-4258, MCA, is amended to read:

9 "7-15-4258. **Acquisition and administration of real and**
10 **personal property.** (1) Every municipality shall have power
11 to:

12 (a) acquire by purchase, lease, option, gift, grant,
13 bequest, devise, eminent domain, or otherwise any real
14 property and such personal property as may be necessary for
15 the administration of the provisions contained in this part
16 and part 43, together with any improvements thereon;

17 (b) hold, improve, clear, or prepare for redevelopment
18 any such property;

19 (c) dispose of any real or personal property;

20 (d) insure or provide for the insurance of any real or
21 personal property or operations of the municipality against
22 any risks or hazards, including the power to pay premiums on
23 any such insurance; and

24 (e) enter into a development agreement with the owner
25 of real property within an urban renewal area and undertake



1 activities, including the acquisition, removal, or
 2 demolition of structures, improvements, or personal property
 3 located on the real property, to prepare the property for
 4 redevelopment.

5 (2) A development agreement entered into in accordance
 6 with subsection (1)(e) must contain provisions obligating
 7 the owner to redevelop the real property for a specified use
 8 consistent with the urban renewal plan and offering recourse
 9 to the municipality if the redevelopment is not completed as
 10 determined by the local governing body. The development
 11 agreement may not constitute the acquisition of an interest
 12 in real property by the municipality within the meaning of
 13 7-15-4262 or 7-15-4263.

14 {2}{3} However, no statutory provision with respect to
 15 the acquisition, clearance, or disposition of property by
 16 public bodies shall restrict a municipality in the exercise
 17 of such functions with respect to an urban renewal project.

18 {3}{4} A municipality shall not acquire real property
 19 for an urban renewal project or enter into a development
 20 agreement, as provided in subsection (1)(e), unless the
 21 local governing body has approved the urban renewal project
 22 plan in accordance with 7-15-4216(2) and 7-15-4217."

23 **Section 3.** Section 7-15-4292, MCA, is amended to read:

24 "7-15-4292. Termination of tax increment financing --
 25 exception -- REDUCTION IN TAX INCREMENT DISTRIBUTION. (1)

1 The tax increment provision shall terminate upon the later
 2 of:

3 (a) the 10th 15th year following its adoption or, if
 4 the tax increment provision was adopted prior to January 1,
 5 1980, upon the 12th 17th year following adoption; or

6 (b) the payment or provision for payment in full or
 7 discharge of all bonds for which the tax increment has been
 8 pledged and the interest thereon.

9 (2) Any amounts remaining in the special fund or any
 10 reserve fund after termination of the tax increment
 11 provision shall be distributed among the various taxing
 12 bodies in proportion to their property tax revenues from the
 13 district.

14 (3) After termination of the tax increment provision,
 15 all taxes shall be levied upon the actual taxable value of
 16 the taxable property in the urban renewal area or the
 17 industrial district and shall be paid into the funds of the
 18 respective taxing bodies.

19 (4) ~~No bonds with~~ Bonds secured in whole or in part by
 20 a tax increment provisions for--the--repayment--thereof
 21 provision may not be issued subsequent--to after the 10th
 22 15th anniversary of tax increment provisions adopted after
 23 January 1, 1980, and the 12th 17th anniversary of tax
 24 increment provisions adopted prior to January 1, 1980.
 25 However, if bonds secured by a tax increment provision are

1 outstanding on the applicable anniversary, additional bonds
 2 secured by the tax increment provision may be issued if the
 3 final maturity date of the bonds is not later than the final
 4 maturity date of any bonds then outstanding and secured by
 5 the tax increment provision.

6 (5) (A) IF A MUNICIPALITY ISSUES BONDS SECURED IN WHOLE
 7 OR IN PART BY A TAX INCREMENT PROVISION AFTER THE 10TH YEAR
 8 FOLLOWING A TAX INCREMENT PROVISION ADOPTED AFTER JANUARY 1,
 9 1980, OR AFTER THE 12TH YEAR FOLLOWING A TAX INCREMENT
 10 PROVISION ADOPTED BEFORE JANUARY 1, 1980, IT IS NOT ENTITLED
 11 TO THE FULL DISTRIBUTION PROVIDED IN 20-9-360(2).

12 (B) THE STATE TREASURER SHALL REDUCE THE DISTRIBUTION
 13 TO THE MUNICIPALITY IN EACH FISCAL YEAR AFTER THE FISCAL
 14 YEAR IN WHICH THE BONDS REFERRED TO IN SUBSECTION (5)(A) ARE
 15 ISSUED BY AN AMOUNT EQUAL TO THE INCREASED TAXABLE VALUE OF
 16 THE PROJECT PROPERTY MULTIPLIED BY THE TOTAL NUMBER OF MILLS
 17 LEVIED AND ASSESSED FOR SCHOOL DISTRICT PURPOSES AGAINST THE
 18 PROPERTY IN THE PREVIOUS CALENDAR YEAR. THE DEPARTMENT OF
 19 REVENUE SHALL CERTIFY TO THE STATE TREASURER BY SEPTEMBER 1
 20 OF EACH YEAR THE INCREASED TAXABLE VALUE OF THE PROJECT
 21 PROPERTY.

22 (C) IF THE MUNICIPALITY ISSUES MORE THAN ONE BOND
 23 SERIES AFTER JANUARY 1, 1991, THE DISTRIBUTION TO THE
 24 MUNICIPALITY AS PROVIDED IN 20-9-360(2) IS REDUCED, AS
 25 DETERMINED IN SUBSECTION (5)(B), BY THE SUM OF THE AMOUNTS

1 OF EACH BOND ISSUE.

2 (6) FOR THE PURPOSES OF SUBSECTION (5):

3 (A) "PROJECT PROPERTY" IS THE VALUE OF PROPERTY WITHIN
 4 AN URBAN RENEWAL AREA AFFECTED BY AN URBAN RENEWAL PROJECT
 5 TO BE FINANCED IN WHOLE OR IN PART FROM THE PROCEEDS OF THE
 6 BONDS ISSUED PURSUANT TO SUBSECTION (5)(A), CERTIFIED BY THE
 7 MUNICIPALITY TO THE DEPARTMENT OF REVENUE AT THE TIME THE
 8 BONDS ARE ISSUED AND IDENTIFIED BY A TAX IDENTIFICATION
 9 NUMBER. PROPERTY IS AFFECTED BY AN URBAN RENEWAL PROJECT IF
 10 THE PROPERTY:

11 (I) IS TO BE ACQUIRED OR IMPROVED AS PART OF THE URBAN
 12 RENEWAL PROJECT;

13 (II) IS LOCATED ON PROPERTY THAT IS TO BE ACQUIRED OR
 14 IMPROVED AS PART OF THE URBAN RENEWAL PROJECT;

15 (III) IS CONTIGUOUS TO OR LOCATED ON PROPERTY CONTIGUOUS
 16 TO, PROPERTY REFERRED TO IN SUBSECTION (6)(A)(I) OR
 17 (6)(A)(II), INCLUDING ADJACENT PROPERTY SEPARATED BY A ROAD,
 18 STREAM, STREET, OR RAILROAD; OR

19 (IV) IS INCLUDED IN AN AGREEMENT BETWEEN A PERSON AND
 20 THE MUNICIPALITY IN CONNECTION WITH THE URBAN RENEWAL
 21 PROJECT FOR THE ISSUANCE OF THE BONDS AND IF UNDER THE
 22 AGREEMENT, THE PERSON UNDERTAKES TO DEVELOP OR REDEVELOP THE
 23 PROPERTY; AND

24 (B) "INCREASED TAXABLE VALUE" MEANS THE DIFFERENCE
 25 BETWEEN THE TAXABLE VALUE OF THE PROJECT PROPERTY FOR THE

1 CURRENT FISCAL YEAR AND THE TAXABLE VALUE OF THE PROJECT
 2 PROPERTY FOR THE FISCAL YEAR IN WHICH THE BONDS WERE
 3 ISSUED."

4 **SECTION 4.** SECTION 7-15-4286, MCA, IS AMENDED TO READ:

5 "7-15-4286. Procedure to determine and disburse tax
 6 increment. (1) Mill rates of taxing bodies for taxes levied
 7 after the effective date of the tax increment provision
 8 shall be calculated on the basis of the sum of the taxable
 9 value, as shown by the last equalized assessment roll, of
 10 all taxable property located outside the urban renewal area
 11 or industrial district and the base taxable value of all
 12 taxable property located within the urban renewal area or
 13 industrial district. The mill rate so determined shall be
 14 levied against the sum of the actual taxable value of all
 15 taxable property located within as well as outside the urban
 16 renewal area or industrial district.

17 (2) (a) The tax increment, if any, received in each
 18 year from the levy of the combined mill rates of all the
 19 affected taxing bodies against the incremental taxable value
 20 within the urban renewal area or industrial district, except
 21 for the university system mills levied and assessed against
 22 property as defined in 7-15-4292(6)(a), shall be paid into a
 23 special fund held by the treasurer of the municipality and
 24 used as provided in 7-15-4282 through 7-15-4292.

25 (b) The balance of the taxes collected in each year

1 shall be paid to each of the taxing bodies as otherwise
 2 provided by law."

3 NEW SECTION. **Section 5.** Effective date. [This act] is
 4 effective on passage and approval.

-End-