

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By Chairman Pavlovich, on April 19, 1989, at
11:05 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon, Legislative Council
Terri Dore, Committee Secretary

Announcements/Discussion: None

HEARING ON SENATE BILL 472

Presentation and Opening Statement by Sponsor:

Sen. Gene Thayer, District 19, stated that this bill amend the current statute regarding tax increments for the benefit of downtown redevelopment districts. This bill takes the same idea and applies it to industrial parks. Opposition was received in the Senate because it was felt that one community would have an unfair advantage over existing parks that are not fully occupied and struggling financially. Another concern in the Senate was that there was not a clear cut stopping point and it might erode some of the tax base. An amendment has been prepared but Sen. Thayer did not feel that the bill would be passed this session if it was amended from its present form given time restraints.

Testifying Proponents and Who They Represent:

Evan Barrett, Executive Director, Butte Local Development Corporation
Kay Foster, Billings Chamber of Commerce and City of Billings
Alec Hansen, Montana League of Cities and Towns
Laurie Shadoan, Bozeman Chamber of Commerce, City of Bozeman and Gallatin Development
Grace Edwards, Yellowstone County Commission
Ray Gulick, self
Phil Campbell, Montana Education Association

Proponent Testimony:

Evan Barrett stated that this bill would attract secondary value added industry. Added value resources comes in incremental steps. The first step is go beyond the primary production into secondary value added industry and then into light support industries. Municipalities do not have the infrastructure and capital required to build these industries. This bill would provide incentives for this development.

Kay Foster expressed the support of the Billings Chamber and the City of Billings. There are value added industries that want to relocate in Montana but the costs are extraordinarily high.

Alec Hansen supports this measure because tax increment financing has worked well for downtown development. The incremental value increases the taxes collected on that property.

Laurie Shadoan urged support for this bill and added that Bozeman is considering using the measure in a project already underway.

Grace Edwards expressed support for this bill.

Ray Gulick supports this measure. EXHIBIT 1.

Phil Campbell stated that his organization supports the concept of this measure but would like to see the bill amended. When the increment period is expired and an extension is granted, the taxing jurisdiction, i.e., the schools, should have a voice in the extension of that concept. There has been a case recently in Great Falls where an extension was granted but the taxing jurisdiction did not benefit from the increased taxable value because of the extension.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Wallin asked Sen. Thayer if the bill could be amended from "district" to "area". Sen. Thayer responded that present law prevents districts from overlapping. The bill is tailored to economic development and should not be used for general development such as housing. Mr. Barrett added that he did not see how that bill could be used for such development because of present law.

Rep. Simon asked Sen. Thayer how value added industry could be separated from non-value added. Sen. Thayer said that it would not be possible. There is no reason to turn away

other business. Many of the spin-off businesses may not be value added. This bill is a vehicle intended for building industry in Montana but no one should be excluded. Rep. Simon asked Sen. Thayer if this bill would be unfair competition to existing industrial parks. Sen. Thayer said that he did not see that as a problem because any parks that are not full at this time, those municipalities would be reluctant to create another park. Mr. Barrett added that the key point is that the local government would be creating the district and they would probably not create another but it would be local policy.

- Rep. Simon asked Sen. Thayer if there was any way to prevent existing parks from creating a smaller one within their boundaries and freezing their tax base. Sen. Thayer said that those parks could use the increment under this bill. Mr. Barrett added that many parks would be bound by requirements from their bonding company.
- Rep. Hansen stated that an industrial park would be inappropriate in the midst of the downtown redevelopment. Sen. Thayer stated that the parks could not overlap. The same method of financing is being used but it cannot be created in those districts.
- Rep. Wallin asked Sen. Thayer if a shopping center could be created by the use of the tax increment system. Sen. Thayer stated that it might be able to be done but it would be complicated. Zoning usually would have to be light or heavy industrial. Rep. Dave Brown added that it would be terribly difficult with the zoning requirements of this bill.
- Rep. Hansen stated that hotels and other industry could also be appropriate. Rep. Brown responded that they could be but would probably not be the first industry but would be added later.

Closing by Sponsor: Sen. Thayer closed.

DISPOSITION OF SENATE BILL 472

Motion: Rep. Thomas moved that Senate Bill 472 BE CONCURRED IN.

Discussion: Rep. Simon remarked that he was in favor of amending the bill to add a clear stopping point and to assure that the taxing jurisdiction would benefit from the system. Rep. Thomas stated that it is not the role of the schools to set tax policy. Rep. Glaser responded that the school would not get the funds. Rep. Simon stated that \$2 of every \$3 goes to the schools and this bill might increase the total number of dollars available.

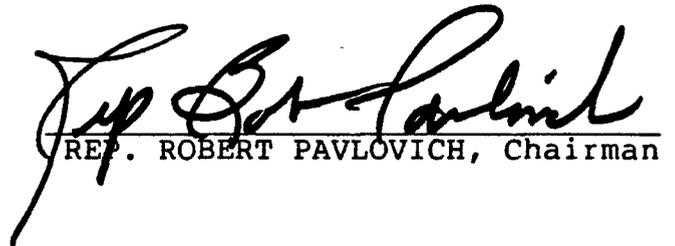
Amendments, Discussion, and Votes: None. The amendment was discussed but it was felt that the bill would die if amended because it could not get through both house before the end

of the session. It will be possible to amend the bill in the next session.

Recommendation and Vote: The motion that Senate Bill 472 BE
CONCURRED IN CARRIED with Reps. Glaser and Stepler
opposing.

ADJOURNMENT

Adjournment At: 11:50 a.m.


REP. ROBERT PAVLOVICH, Chairman

RP/td

8811.min

DAILY ROLL CALL

BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date _____

NAME	PRESENT	ABSENT	EXCUSED
PAVLOVICH, BOB	X		
DeMARS, GENE	X		
BACHINI, BOB	X		
BLOTKAMP, ROB	X		
HANSEN, STELLA JEAN	X		
JOHNSON, JOHN	X		
KILPATRICK, TOM	X		
McCORMICK, LLOYD "MAC"	X		
STEPPLER, DON	X		
GLASER, BILL	X		
KELLER, VERNON	X		
NELSON, THOMAS	X		
SIMON, BRUCE	X		
SMITH, CLYDE	X		
THOMAS, FRED	X		
WALLIN, NORM	X		
PAUL VERDON	X		

STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on Business and Economic Development report that SENATE BILL 472 (third reading copy - blue) be concurred in .

Signed: *Robert Pavlovich*
Robert Pavlovich, Chairman

[REP. _____ WILL CARRY THIS BILL ON THE HOUSE FLOOR]

Bill 472
Ray Gulick
Doplin mt 59531
EXHIBIT _____
DATE 4/19/59
HB SB 472

We've got to do something.
Montana economy seems
to be floundering.

Everyone else is
getting the jobs - the
coastal areas & Foreign.

Stimulate whatever
you can but realize
we're floundering.

J.R.

VISITORS' REGISTER

House Bus. of Econ Dev COMMITTEE

BILL NO. 472 DATE 4/19/89

SPONSOR Senate B&T Committee

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Gwen Bennett	Butte local Dev -	✓	
Ray Gulicks	Joplin MT	✓	
Kay Foster	Billings ^{Chamber City}	✓	
Charles R. Brooks	MT. Rpt No. 195500	✓	
John Asay	Billings	✓	
Phil Campbell	MEA		
Gordon Morris	MALC		
DAVE BROWN	HD #72	✓	
Laurie Shadon	Bozeman ^{Chamber City} Golden Dev.	472 ✓	
Alec Hanna	MLCT	✓	
Clyde Gallus	BSB	✓	
Dave Edwards	Yellowstone Co.	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.