

1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019

BUSINESS

LEADERSHIP AND RESOURCES

CREATION
EXPANSION
RETENTION
RECRUITMENT

TAX ABATEMENT PROGRAM

IN YELLOWSTONE COUNTY & THE CITY OF BILLINGS

BUSINESS GROWTH SERVICES • COMMUNITY DEVELOPMENT • NEW BUSINESS RECRUITMENT



Celebrating 30 YEARS OF BUILDING REMARKABLE

BIG SKY ECONOMIC DEVELOPMENT

WWW.BIGSKYECONOMICDEVELOPMENT.ORG

TAX ABATEMENT PROGRAM

YELLOWSTONE COUNTY & CITY OF BILLINGS

In 1988, the State of Montana gave local governments the authority to implement tax abatement programs. Since then, Yellowstone County and the City of Billings have successfully used the program to attract new businesses and grow existing businesses.

- In August of 2002, Yellowstone County Commissioners adopted the five-year tax incentive for remodel, expansion, and reconstruction (MCA 15-24-1501). The City of Billings adopted the program in December of 2005.
- The 10-year incentive (MCA 15-24-1401/1402) was adopted in October of 1994 by the Yellowstone County Commissioners and in December of 2005 by the City of Billings.



Building
REMARKABLE

WWW.BIGSKYECONOMICDEVELOPMENT.ORG

TAX ABATEMENT PROGRAMS

5 YEAR PROGRAM

Allows tax reductions on remodeling, reconstruction, and/or expansion of existing real property when a project makes improvements exceeding \$500,000 to the property. Tax relief is received only on the incremental increase in taxable valuation of the existing property. Under the Remodeling, Reconstruction or Expansion Tax Incentive Program, the property taxes levied on the value of the improvements may be reduced by 100% for the first 5 years of the project. In the 5th year, the property would return to its full taxable value. A leased building is typically not eligible for this tax incentive program as the owner of the property typically applies.

Construction period – 0% taxable value (100% savings)
First year following construction – 0% taxable value (100% savings)
Second year following construction – 0% taxable value (100% savings)
Third year following construction – 0% taxable value (100% savings)
Fourth year following construction – 0% taxable value (100% savings)
Fifth year following construction – 100% taxable value (0% savings)
Following years – 100% taxable value (0% savings)

TAX ABATEMENT PROGRAMS

10 YEAR PROGRAM

Allows tax reductions under the New & Expanding Industry Tax Incentive Program, the taxable value of the real property can be reduced by 50% in the first 5 years. In years 6-10, the tax obligation gradually increases and the savings decreases until the full 100% liability is required and the abatement expires in year 10. Increase in years 6-10 is 10%. The 2017 MT Legislature passed House Bill 226 providing discretion to governing bodies to increase the application of tax savings regarding the 10-year program. Taxable value of the incremental increase in valuation can be reduced by 75% in years 1-5, then increased by 15% years 6-10. As with the 5-year program, this is for businesses owning the building as the owner applies. There are certain criteria; primarily that 50% of the company's revenues are generated from out of state. Job creation is also strongly encouraged for both programs.

Taxed at 25% of business's taxable value

Years 1-5 - 25% taxable value (75% savings)
 Year 6 – 40% taxable value (60% savings)
 Year 7 – 55% taxable value (45% savings)
 Year 8 – 70% taxable value (30% savings)
 Year 9 – 85% taxable value (15% savings)
 Year 10 – 100% taxable value (0% savings)

Taxed at 50% of business's taxable value

Years 1-5 - 50% taxable value (50% savings)
 Year 6 – 60% taxable value (40% savings)
 Year 7 – 70% taxable value (30% savings)
 Year 8 – 80% taxable value (20% savings)
 Year 9 – 90% taxable value (10% savings)
 Year 10 – 100% taxable value (0% savings)

ACTIVE TAX ABATEMENTS

2018

Total Capital
\$480,497,263
Investment of all 21
Active Abatements

Total payroll
\$152,946,371
for all Businesses
receiving a tax
abatement

Total tax savings of
all participating
\$5,264,915
Businesses
in in 2018

ACTIVE ABATEMENTS EXCLUDING P66 & CHS

2018

Total payroll
\$106,228,797
for all businesses
receiving a tax
abatement

Total tax savings of
all participating
\$373,905
businesses
in in 2018

Total net increase
of jobs
25
among active
abatements '17-'18

HIGHLIGHTED BUSINESS



HOME SCIENCE TOOLS

“In 2019 Home Science Tools celebrated our 25th anniversary in business! Over the years we have helped more than 1 million students from all educational backgrounds have a more successful science learning experience. The property tax abatement program has contributed in part to our success by reducing the risk of establishing a permanent place of business operation in Billings and freeing up funds for future growth. Even with intense competitive pressure we were able to invest in full-time equivalent positions in the business from 2017 to 2019. Since 2006 our annual payroll has increased \$870,000 or 2.4 times, providing many additional long-term jobs in the community”.

- Frank Schaner, President



WWW.BIGSKYECONOMICDEVELOPMENT.ORG

Building
REMARKABLE

HIGHLIGHTED BUSINESS

BILLINGS FLYING SERVICE

- 18 New full-time positions in 2018
- 2.5M payroll increase from '17-18
- 84 full-time & part-time employees

“There is a reason ‘Billings’ is painted on the side our helicopters. Billings is our home. The tax abatement process helped ensure that our operations center would stay here, and the tax savings helped our company attract top talent to make Billings their home as well. We are forever grateful for the community/business partnership championed by so many in Yellowstone County.”

Al, Gary, and Bridger Blain



578

ACTIVE CLIENTS IN THE BILLINGS SERVICE AREA

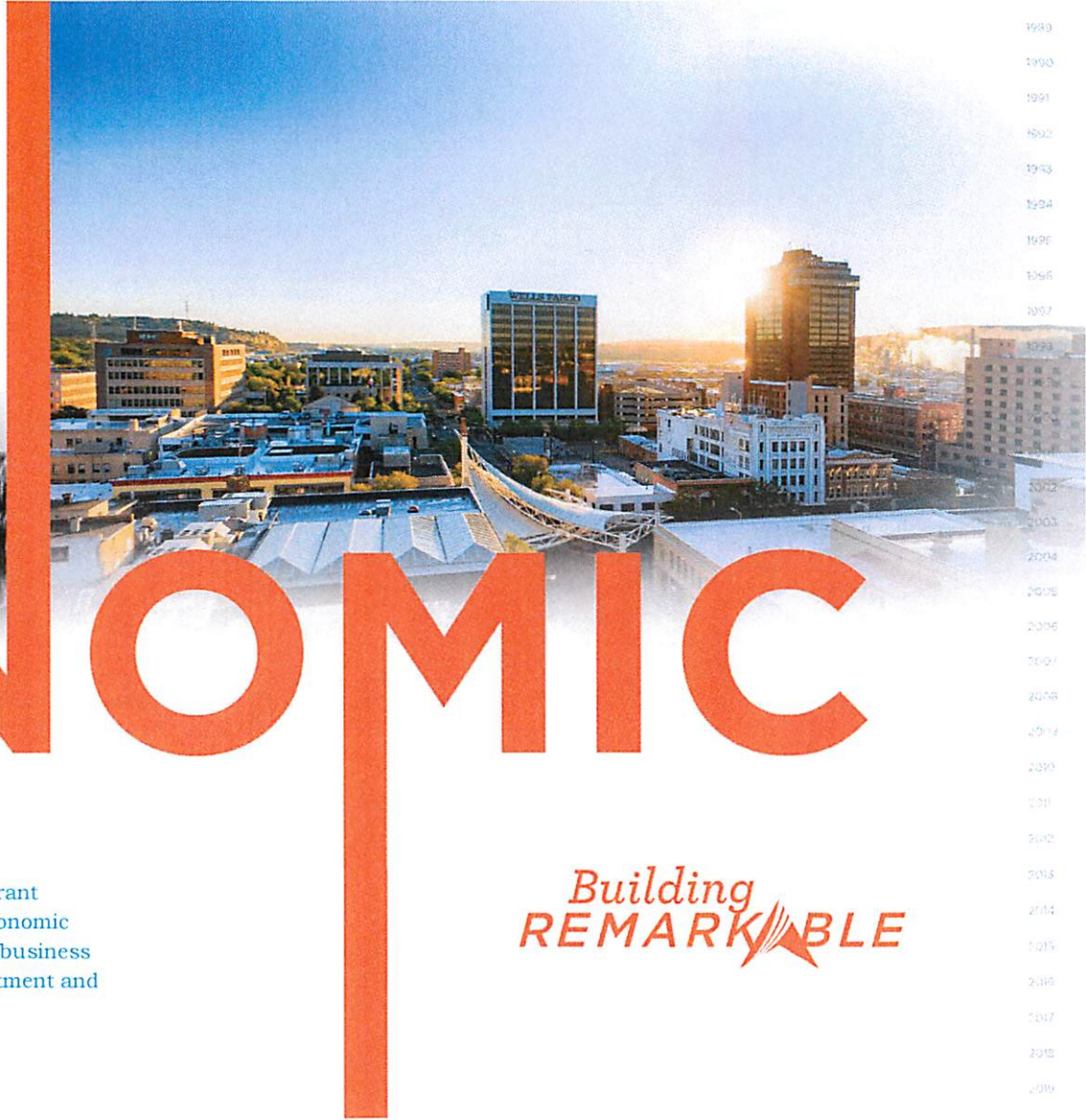
BIG SKY



ECONOMIC DEVELOPMENT

THE MISSION

Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, Big Sky Economic Development provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.



Building
REMARKABLE

1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019