

RESOLUTION 05-18376

**A RESOLUTION CREATING A CITY OF BILLINGS
TAX INCENTIVE PROGRAM FOR NEW AND EXPANDING INDUSTRY**

WHEREAS, the City Council of the City of Billings believes that it is in the public interest for new industries to locate in Billings and for existing industries to expand in Billings; and

WHEREAS, the Montana Legislature has approved, in Sections 15-24-1401 and 15-24-1402, MCA, a means for Montana cities to provide incentives for certain types of new or expanding industries in the form of property tax reductions over a period of ten (10) years; and

WHEREAS, the City Council desires to offer those property tax incentives to qualified industries and for qualified improvements or modernized processes.

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS,
MONTANA AS FOLLOWS:**

1. That it is in the public interest to encourage economic development in the city of Billings through property tax incentives for new and expanding industries.
2. A tax incentive program is hereby established that meets the requirements set forth in 15-24-1401 and 15-24-1402 MCA and applicable Administrative Rules of Montana.
3. Each applicant shall meet the following minimum criteria:
 - a. is an industry as defined in 15-24-1401 MCA;
 - b. if expanding, the industry has invested at least \$50,000 of qualifying improvements or modernized processes within this or the preceding tax year;
 - c. if new to the city, the industry has invested at least \$125,000 in qualifying improvements or modernized processes within this or the preceding tax year;
 - d. provide an estimate of the number of new jobs that will be created by the new or expanding industry, the hiring schedule and the salary ranges for the new employees;
 - e. provide proof from the Yellowstone County Treasurer's office that all of the applicant's taxes have been paid. Taxes paid under protest do not preclude application approval; and
 - f. the applicant has completed the application procedures outlined in attached Exhibit A.
4. Benefits conferred by Billings' new or expanding industry tax incentive program are as follows:
 - a. In the first five (5) years after a construction permit is issued, the qualifying improvements or modernized processes that represent a new or expanding industry must be taxed at fifty percent (50%) of their taxable value;

- b. Each year thereafter, the percentage will increase by equal percentages until the full taxable value is attained in the tenth (10th) year;
- 5. The tax incentive is limited to the number of mills levied and assessed by the local high school district, the local elementary school district and the City of Billings.
- 6. The City Council must authorize the granting of the tax incentive to any applicant by passing a resolution approving the application of the schedule of tax incentives set forth above in Paragraph 4 or some other schedule, for each existing building or structure as to which the tax incentive is granted.

BE IT FURTHER RESOLVED that property owners are hereby encouraged to apply to the City of Billings for consideration of tax incentives authorized pursuant to Section 15-24-1401 and Section 15-24-1402, M.C.A. for new industries or expanding existing industries or modernized processes.

PASSED AND APPROVED by the City Council this 12th day of December, 2005.

CITY OF BILLINGS

By: _____
Charles F. Tooley, Mayor

ATTEST:

By: _____
Marita Herold, CMC/AAE, City Clerk

EXHIBIT A

APPLICATION PROCEDURES FOR CITY OF BILLINGS, MONTANA TAX INCENTIVE PROGRAM FOR NEW AND EXPANDING INDUSTRIES

- Prospective clients contact Big Sky Economic Development Authority (BSEDA) who acts as the intermediary in the application process, and an initial meeting is scheduled.
- At the initial meeting, prospective client project is discussed to determine if the projects meets the tax incentive application criteria. If the project appears to qualify for an incentive, the client is given tax incentive applications, copies of the tax incentive program cited in the *Montana Code Annotated* and copies of the adopting resolutions.
- Clients then complete and return applications and supporting documentation and the applicable processing fee to BSEDA. BSEDA reviews the application for completeness.
- An appointment is then scheduled with the designated City staff to review the project documentation and perform a site visit if needed. This leads to either staff endorsement of the project or a determination that the project does not meet the program criteria.
- City staff will prepare and submit a staff report, accompanied by the application documentation, and schedule a public hearing with the City Council. The staff report will advise the Council why the application should be approved, conditionally approved, including recommended conditions, or denied.
- City staff will prepare a resolution for Council consideration that contains the elements required by state law and administrative rules.
- City staff shall notify by certified mail, all taxing jurisdictions that may be affected by the proposed tax benefit.
- The City Council will conduct a public hearing on the application at its next available regular meeting and will approve, conditionally approve or disapprove the application.
- BSEDA will send a letter to the applicant regarding the Council's decision, including any conditions of approval.
- When the construction reaches substantial completion, the client contacts BSEDA and schedules a final inspection to determine if the project meets tax incentive requirements and any conditions of approval.
- If the project meets all City and State requirements, BSEDA will work with City staff to prepare and submit a final approval letter and appropriate documentation to the Montana Department of Revenue.

The following definitions and terms apply to the new and expanding industry tax incentive program:

- "Expansion" means an industry that invests at least \$50,000 in qualifying improvements or modernized processes within this or the previous tax year
- "New" means an industry that is new to the city of Billings and has invested at least \$125,000 in qualifying improvements or modernized processes within this or the preceding tax year. New industry does not include property treated as new industrial property under Section 15-6-135 MCA (class 5 industrial property)

- “Industry” means, but is not limited to, a firm that a) engages in mechanical or chemical transformation of materials into products, b) engages in the extraction or harvesting of minerals, ore or forestry products, c) engages in processing Montana raw materials such as minerals, ore, agricultural products and forestry products, d) engages in transportation, warehousing or distribution of commercial products or materials if 50% or more of the industry’s gross sales are from outside the state, or e) earns 50% or more of its annual gross income from out of state sales
- “Qualifying” means meeting all of the terms, conditions and requirements for a reduction in taxable value under this program