

RESOLUTION 05-18378

**A RESOLUTION CREATING A CITY OF BILLINGS
TAX INCENTIVE PROGRAM FOR REMODELING, RECONSTRUCTING OR
EXPANDING CERTAIN COMMERCIAL PROPERTY**

WHEREAS, the City Council of the City of Billings believes that it is in the public interest that the community's existing, vacant commercial buildings or structures be remodeled, reconstructed or expanded, thereby improving the community's appearance, expanding employment and increasing the tax base; and

WHEREAS, the Montana Legislature has approved, in Section 15-24-1502 MCA, a means for Montana cities to provide tax incentives for remodeling, reconstructing or expanding certain commercial property; and

WHEREAS, the City Council desires to offer those property tax incentives to remodel, reconstruct or expand certain commercial property.

**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 existing, vacant commercial building remodeling, reconstruction or expansion in the city of Billings through property tax incentives.
2. A tax incentive program is hereby established that meets the requirements set forth in Section 15-24-1502 MCA and applicable Administrative Rules of Montana.
3. Each applicant shall meet the following minimum criteria:
 - a. The commercial building or structure has not been used in a business for at least six (6) months immediately preceding the date of application to the City
 - b. the construction increases the property's taxable value by at least 5% as determined by the Montana Department of Revenue
 - c. provide documentation that all property taxes on the property have been paid, except that taxes paid under protest do not preclude application approval
 - d. provide information on the number and pay ranges of jobs that are created or retained by the construction project
 - e. the applicant has completed the application procedures outlined in attached Exhibit A.
4. The incentive is limited to the increase in taxable value of the building improvements due to the remodeling, reconstruction or expansion. The percentage of the increased taxable value that is subject to taxation during the construction period and for the ten years following construction shall be as follows:

Construction period up to 12 months and for 5 years following completion	Exempt
First year following exemption	20%
Second year following exemption	40%
Third year following exemption	60%
Fourth year following exemption	80%
Fifth year following exemption and all subsequent years	100%

5. The tax incentive is limited to the number of mills levied 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 15-24-1502, M.C.A. for remodeling, reconstruction or expansion of vacant, existing commercial buildings where the remodeling, reconstruction or expansion will increase the property's taxable value by at least 5% as determined by the State of Montana Department of Revenue or its agents.

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 REMODELING, RECONSTRUCTING OR EXPANDING EXISTING, VACANT COMMERCIAL BUILDINGS

- 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 project 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.
- 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.