TAX INCREMENT FINANCING CALCULATIONS

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PURPOSE

To give county elected officials general guidance on Tax Increment Financing (TIF) calculations after Senate Bill 388, which passed in 2021.

HISTORY

Prior to 2017, only university mills were kept out of the increment calculation for any TIF provision in any type of district. In 2017, House Bill 30 added that any voted mill levies by voters pursuant to 15-10-425, MCA after adoption of the TIF provision were also to be kept out of the increment calculation for any TIF provision in any type of district. This provision specifically applied only to urban renewal districts and targeted economic development districts (TEDDs) established after April 6, 2017 and voted levies approved after April 6, 2017.

WHAT DID SB 388 CHANGE?

SB 388 removed half the amount of elementary, high school, and state equalization mills from the increment calculation for TIF provisions in certain districts. SB 388 specifically applied this new exemption only to new TEDDs created on or after June 30, 2022. There was no retroactive provision included in the bill.

SO WHAT DOES THAT ALL MEAN?

- For any type of district created before April 6, 2017, all existing and new voted mill levies must be included in the TIF increment calculation. Neither the provisions of HB 30 or SB 388 apply to these districts.

- For any TEDD or urban renewal district created on or after April 6, 2017, any new voted mill levies approved by the voters under 15-10-425, MCA must be excluded from the tax increment calculation.

- For any type of district created after April 6, 2017, any existing or new voted mill levy approved by the voters pursuant to a different provision of law than 15-10-425, MCA must still be included in the TIF increment calculation.

- For any TEDD district created on or after June 30, 2022, the tax increment calculation must omit half the elementary, high school, and state equalization mills.