HOUSE BILL NO. 32

INTRODUCED BY A. GRIFFITH

BY REQUEST OF THE LOCAL GOVERNMENT INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A RESORT AREA DISTRICT BOARD TO AUTHORIZE THE CREATION OF A TARGETED ECONOMIC DEVELOPMENT DISTRICT; ALLOWING A RESORT AREA DISTRICT BOARD TO ADOPT A COMPREHENSIVE DEVELOPMENT PLAN AND USE TAX INCREMENT FINANCING; PROVIDING FOR THE TERMINATION OF TAX INCREMENT FINANCING; AMENDING SECTION 7-6-1541, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-6-1541, MCA, is amended to read:

"**7-6-1541. General powers of resort area district.** (1) A resort area district may:

(a) have perpetual succession;

(b) sue and be sued in any court of competent jurisdiction;

(c) acquire by any legal means real and personal property necessary to the full exercise of its powers;

(d) make contracts, employ labor, and do all acts necessary for the full exercise of its powers; ~~and~~

(e) issue and repay bonds as provided in 7-6-1542~~.~~; and

(f) authorize the creation of a targeted economic development district with boundaries matching or within the boundaries of the resort area district, use tax increment financing as set forth in [section 2] and 7-15-4279 through 7-15-4294, and exercise all powers of a local government under those statutes.

(2) (a) Subject to subsection (2)(b), the board of directors for a resort area district that does not have perpetual succession may submit the question of extension of the term of the resort area district directly to the qualified electors in an election conducted in accordance with Title 13, chapter 1, part 5. If the electorate extends the term of the resort area district, the provisions of this part continue to apply.

(b) The board of directors may not submit a question to the qualified electors to extend the term of

a resort area district until the expiration of at least one-half of the existing term of the resort tax, as provided for in 7-6-1504. If a vote to extend the term fails, successive votes to extend the term may be taken no more than once each year.

(3) The board of directors may submit to the qualified electors of the resort area district the question of whether to levy the additional resort tax provided for in 7-6-1503(1)(b)(i) for infrastructure. The election must be noticed as provided in 7-6-1504 and conducted as provided in 13-1-501 through 13-1-505.

(4) The board of directors shall exercise the powers described in 7-6-1533 through 7-6-1536, 7-6-1539 through 7-6-1544, 7-6-1546 through 7-6-1548, and 7-6-1550."

NEW SECTION. **Section 2. Resort area district board powers related to tax increment financing.** (1) When exercising the authority granted in 7-6-1541(1)(f), in addition to the requirements in 7-15-4279 through 7-15-4294, the board of directors shall:

(a) commission an infrastructure deficiency report;

(b) authorize a targeted economic development district for uses consistent with economic development or infrastructure projects within the resort area district;

(c) adopt a comprehensive development plan that identifies and addresses infrastructure deficiencies within the district; and

(d) describe the use of and purpose for tax increment financing in the comprehensive development plan and describe how the expenditure of the tax increment will promote the development of infrastructure to encourage the location and retention of value-adding projects in the district.

(2) The tax increment provision contained in a comprehensive development plan for a targeted economic development district created by a resort area district terminates upon the later of:

(a) the 15th year following its adoption; or

(b) the payment or provision for payment in full or discharge of all bonds for which the tax increment has been pledged and the interest on the bonds. For targeted economic development districts created by a resort area district, the combined term of the original bonds or any refunding bonds may not extend the life of the tax increment provision longer than the 25th year following the original adoption of the tax increment provision.

(3) After termination of the tax increment provision, the incremental value becomes newly taxable value for the purposes of 15-10-420(4) and all taxes must be levied upon the actual taxable value of the taxable property in the targeted economic development district and must be paid to each of the taxing bodies as provided by law.

(4) Upon termination of the tax increment provision, a resort area district may retain all tax increment collected but not yet spent and may use them in accordance with the provisions of the comprehensive development plan. If unspent funds remain after all the infrastructure deficiencies in the comprehensive development plan have been addressed, the funds must be distributed among the various taxing bodies in proportion to their property tax revenue from the area or district.

NEW SECTION. **Section 3. Codification instruction.** [Section 2] is intended to be codified as an integral part of Title 7, chapter 6, part 15, and the provisions of Title 7, chapter 6, part 15, apply to [section 2].

NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

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