



**BIG \* SKY**  
CHAMBER OF COMMERCE

**Big Sky Proposed TED Districts**

**Chamber Town Hall Meeting**

**July 23, 2015**

***Agenda***

1. TEDD Overview
2. Industry Analysis
  - a. Anticipate the economic benefits of a TEDD
  - b. Economics without a TEDD (status quo)
  - c. Value Added Industry Survey
3. TEDD Process
  - a. Step One : Resolution of Necessity -Findings for Deficient Infrastructure Improvements to Support Value-Adding Economic Development Projects.
    - i. Infrastructure Deficiency Report
  - b. Step 2 - Comprehensive Development Plan –Adopted by Ordinance
    - i. Taxable Values
4. TEDD effects on local taxing districts and taxpayers outside of proposed boundary
5. Other Steps
  - a. Madison County Zoning
  - b. Interlocal Agreement
6. Schedule



## Success-Driven Financing Tools for Big Sky

July 23, 2015

### Targeted Economic Development District (TEDD) Tax Increment Financing (TIF)

#### What is it?

- The purpose of a TEDD is to remediate and invest in infrastructure-deficient areas by providing a means of investment capital for the infrastructure improvements, in order to promote value-adding economic development in Montana.
- The stated purpose of the TEDD is that infrastructure deficiencies exist in the State that are an impediment to value added industry.
- TIF is the tool to fund projects in the TEDD.
- **TIF's do this without adding any new taxes**
- TIF revenue keeps tax dollars invested locally for public infrastructure improvements.
- TIF is designed to finance public infrastructure improvements that would not happen without the TIF.

#### Why does Big Sky need it?

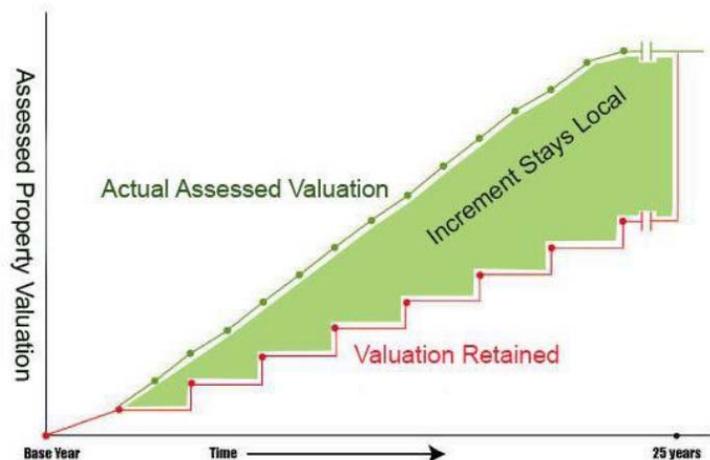
- Big Sky is seeking to attract value-adding and secondary value-adding industry sectors and can only do so if infrastructure deficiencies are remedied.
- Big Sky is seeking to attract a broad base of employment opportunities from value-adding and secondary value-adding industries, including technology, green industries as well as light manufacturing.
- Infrastructure-deficient areas exist in Big Sky that constitutes an impediment to the development of infrastructure-intensive, value-adding economic development.
- Big Sky lacks sufficient capital to remedy these infrastructure deficiencies.
- Without the TEDD being formed and financed by TIF, there would be no incentive for developers and the special purpose districts in Big Sky to tackle the challenges associated with development, and the creation of value-added industry.

#### How does it work?

TIF is a financing tool that captures the future value of an improved property to pay for the current costs of those improvements.

Upon creation of a TEDD, the property tax on each parcel within the district is determined and this is called the "baseline". The baseline property tax will continue to go the counties as it has in the past (about 50% of the property tax goes to the State for the school system to be distributed statewide - school funding equalization). Over time, as improvements to properties in the district are made (new homes, buildings, etc.), property taxes on these parcels will increase, and this is called the "increment". Within a TEDD, this increment, the difference between the baseline tax and the tax increase due to the improvement, will stay within the district to be invested by the TEDD board for the

Tax Increment Financing Chart



public infrastructure and projects as outlined in a detailed Comprehensive Development Plan approved by both sets of county commissioners.

*A TEDD is the single most important economic development tool for Big Sky and it has the potential to generate significant dollars each year to support public infrastructure needs in Big Sky.*

### **Benefits of a TEDD?**

TIF's create short and long term benefits for communities, which include:

- Provides development incentives requiring no tax increases.
- Increases property values. TIF redevelopment projects are an investment that causes property values to increase thus broadening the tax base and benefitting everyone who pays taxes.
- Induces private investment and development. TIF funds can be used to offset relocation costs, infrastructure costs, and improve needed infrastructure to facilitate re-development.
- Creates jobs and supports job retention.
- Creates a stronger, broader tax base.
- Local control of TIF revenue. Investment in the community, in the county.
- Incremental revenue is reinvested in the TIF district - TIF funds are only utilized within the TIF district as a means to encourage the redevelopment of the area.
- Benefits other taxing bodies. At the end of the TIF the entire property tax generated by the newly revitalized property goes to the underlying taxing bodies providing a revenue increase for schools, parks, libraries and so forth without raising taxes.

### **Where would the district(s) be located?**

Two districts are needed because of the bonding requirements of each county: one in the Madison County portion of Big Sky and one in the Gallatin County portion of Big Sky.

### **Are TIF's common?**

Like many places across the western states and in Montana, TIF is commonly used to underpin the success of a community. There are over 50 TIF districts in Montana, and about 5 in Bozeman, including the downtown TIF which has funded the parking garage, and the downtown streetscape enhancement project (sidewalk re-build, street lights, flower baskets, and upgraded decorative traffic signals, event such as Music on Main, among other improvements, events, and grants.

### **Bonding**

A common way to finance TEDD projects is with revenue bonds. The life of a TEDD is 15 years. The maximum time a bond can be financed is 25 years. So, in essence, the lifespan of a TEDD can be as little as 15 years and as long as 40 years. The bonding potential of this TIF district is significant.

### **How is funding for public service agencies affected with the TEDDs?**

It shall be the intent of the stakeholder group to ensure that funding for public services such as school, fire, police, and transportation is enhanced by the TIF district. These stakeholders are TEDD committee members.

### **Who approves the creation of the TEDDs?**

Each County may, by ordinance and following a public hearing, authorize the creation of a TEDD to support value-adding economic development projects. Each county commission will vote on the creation of the district; the creation of the district does not go to a public vote.

A detailed and comprehensive Development Plan will guide public investment of tax revenue generated by the district. This Plan will first go through a public engagement process and then it will go to each county commission for adoption.

**Who manages it?**

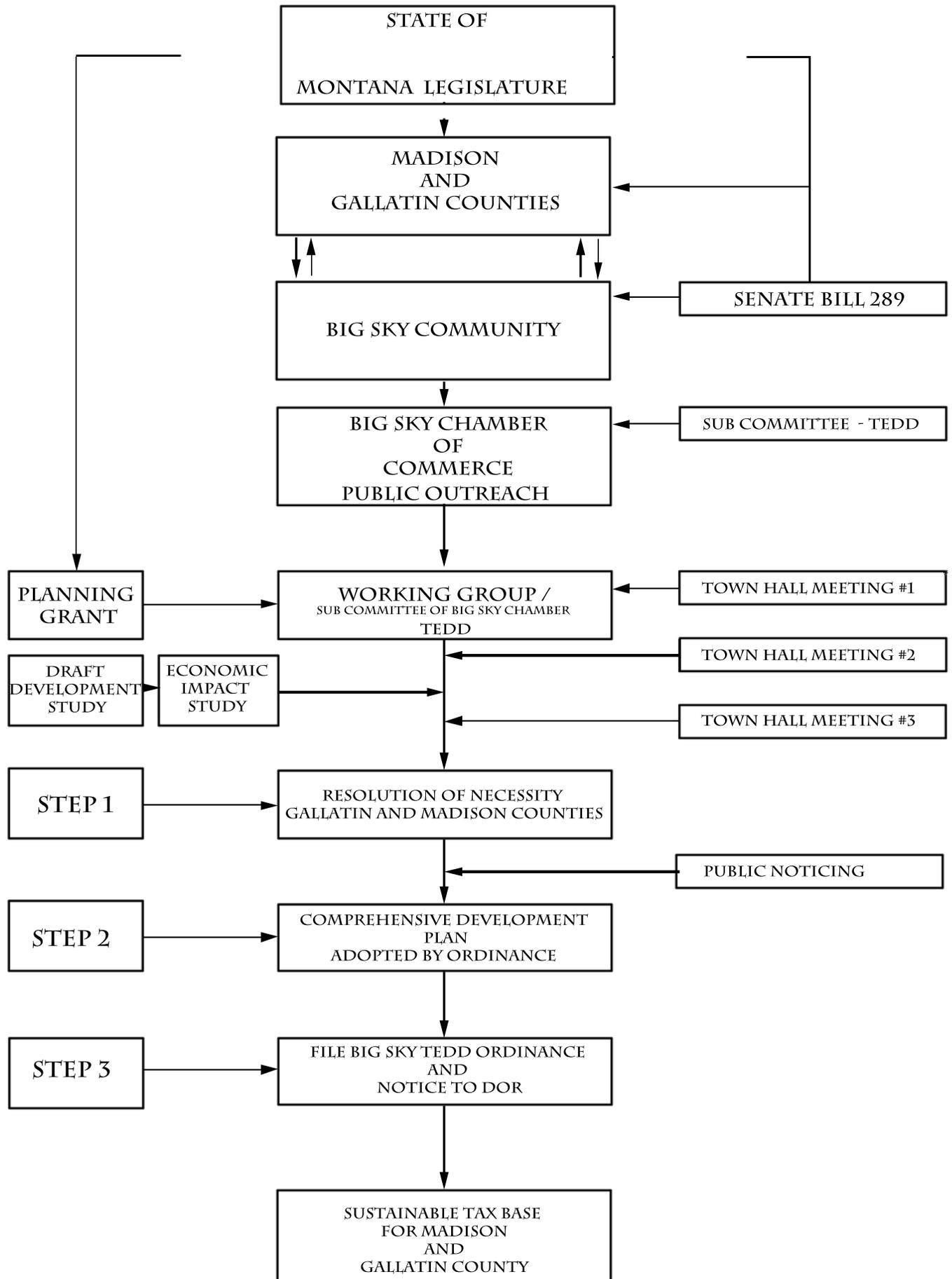
A single board is envisioned, with representatives appointed by the Commissioners, which will manage the District. The board may choose to hire staff to manage the TEDD, as is done Bozeman's downtown TIF. The community will strive to recruit and support those residents with the best credentials to work on behalf of the community.

**Costs that may be paid by TIF** (Taken from MCA 7-15-4288)

- land acquisition
- demolition and removal of structures
- relocation of occupancy
- the acquisition, construction, and improvement of public improvements or infrastructure, including streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, publicly owned buildings, and any public improvements authorized by statutes, and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred
- costs incurred in connection with the redevelopment activities allowed under statutes
- acquisition of infrastructure-deficient areas or portions of areas
- administrative costs associated with the management of the urban renewal area or targeted economic development district
- assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the local government itself at its fair value
- the compilation and analysis of pertinent information required to adequately determine the needs of the urban renewal area or targeted economic development district
- the connection of the urban renewal area or targeted economic development district to existing infrastructure outside the area or district
- the provision of direct assistance to secondary value-adding industries to assist in meeting their infrastructure and land needs within the area or district
- the acquisition, construction, or improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution.

**TEDD Committee Members (A committee of the Big Sky Chamber of Commerce)**

The following stakeholders and managers are on the Chamber's TEDD Committee: Jamey Kabisch, David O'Connor, Ryan Hamilton, Mike Ducuennois, Bill Simkins, Kevin Germain, Katie Morrison, Ron Edwards, Mindy Nowakowski, Brian Wheeler, Jessie Wiese, Kitty Clemens, Suzan Scott, Taylor Middleton, David Kack, Jerry House, Loren Bough, John Romney, Bill Farhat, Matt Daugherty, Carol Collins, Dawn Smith, Ennion Williams, Kristin Gardner, Regan Teat, Jim Simon, Brian Sprenger, and others.





***TEDD effects on local taxing districts and taxpayers outside of proposed boundary.***

**Ralph Walton, Cedar House Partners**

1. Identify existing districts
2. Analyze potential impacts to the districts
3. Recommend mitigation measures
4. Analyze potential impacts to the tax payers outside of the proposed TED districts in both Gallatin and Madison counties
5. Consultants: Cedar House Partners; Tischler Bise



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*Proposed Schedule*

Task	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Outreach and Communication								
Tax Impact Analysis								
Secondary Value Added Industries								
Interviews with select industries								
Infrastructure Deficiency Report								
Madison County Zoning								
Prepare CCDP								
Submit CCDP								