

RESOLUTION 23-11114

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF BILLINGS, MONTANA, APPROVING TAX BENEFITS
FOR RIMROCK IV, LLC DBA KIA OF BILLINGS**

WHEREAS, Resolution 05-18377 provides for granting tax incentives for remodeling, reconstructing, and expanding existing commercial buildings pursuant to Sections 15-24-1501, MCA, and establishes a procedure for applying for said tax incentives; and

WHEREAS, Rimrock IV, LLC DBA Kia of Billings has set forth in its application (Exhibit A) certain information regarding the improvements made to its business which appear to qualify Rimrock IV, LLC DBA Kia of Billings for said tax benefits; and

WHEREAS, Section 15-24-1501(3), MCA, requires the governing body to give notice of a public hearing to hear comment. Said notice was published on April 14 and 21, 2023.

WHEREAS, The City Council of the City of Billings, Montana held a public hearing on April 24, 2023, and duly considered the application of Rimrock IV, LLC DBA Kia of Billings and has determined that said application meets all qualifications for the tax incentive and should be approved.

NOW THEREFORE BE IT RESOLVED BY THE BILLINGS, MONTANA CITY COUNCIL that the application (Exhibit A) for tax benefits made by Rimrock IV, LLC DBA Kia of Billings is APPROVED. The tax benefits approved are those provided in Resolution 05-18377. The property receiving the tax benefits is described as follows:

Block 1, Lot 9A2 of the Amended Plat of Montana Sapphire Subdivision
with a tax code of A34547, Yellowstone County, Montana.

NOW THEREFORE BE IT FURTHER RESOLVED that said new or expanding industry classification tax benefits shall be made for Rimrock IV, LLC DBA Kia of Billings on the earliest tax bill allowed by law.

ADOPTED AND APPROVED by the Billings City Council of the 24th day of April, 2023.



CITY OF BILLINGS:

By: William A. Cole
William A. Cole, Mayor

ATTEST:

By: Denise R. Bohlman
Denise R. Bohlman, City Clerk

**APPLICATION FORM FOR TAX REDUCTION
BUILDING REMODEL, EXPANSION OR RECONSTRUCTION**

(As allowed under Yellowstone County Resolution 02-66, City Council Resolutions 05-18377
and 15-24-1501, MCA)

1. Name of business: Rimrock IV, LLC; DBA Kia of Billings
2. Building Remodel or Reconstruction: Start of construction (date)
End of construction (date)
3. X Building Expansion: Start of construction (date) 10/24/22
End of construction (date) 05/30/23
4. Address of business: 4040 King Ave W, Billings, MT 59106
Actual location of business: same
Tax Code: A34547
Within city limits of Billings ☒ YES ☐ NO
5. Person representing business and responsible for application:
Name: April Wagner Title: controller
Address: PO Box 80208 Billings, MT 59108 Telephone: 406-655-7444
6. Amount of capital investment for Expansion, Remodel or Reconstruction in Billings / Yellowstone County: \$ 5,000,000 (attach detailed costs of materials and labor and dates of construction. County Commissioners and/or City Council may request further information, such as financial statements, business references, or other documents prior to acting on this request).
7. Approximate market value of building prior to remodel, reconstruction, or expansion:
\$ 4.5 mil
8. Explain business activity – what business does: Automotive sales and service of new
 And used vehicle; parts sales
9. How long has this business been located in Billings and/or Yellowstone County?
 10 years
10. As of the date of this application, how many employees does the business currently employ:
 36 Full-time Part-time
11. How many employees will the applicant have within 2 years after completion of construction:
 60
 Full-time Part-time

Exhibit A

12. Provide job titles and job skills required for all new employees both full and part-time:
Sales associates, automotive technicians, both with proper OEM certifications, sales managers,
administration and parts representatives
13. What is the hourly pay scale of both full and part-time employees to include benefits (new employees only): \$15-40 per hour based on position and experience
14. Other Economic impacts of capital investment: creating more jobs for Yellowstone County
15. Planned hiring schedule: Fully staffed by December 2023
16. List other property tax benefits business currently receives or has applied for: _____
17. Building permit (attach copy or explain absence): wating on permit from the city
18. A non-refundable fee of \$500 must accompany this application to cover the cost of application administration. Make checks payable to the Big Sky Economic Development Authority.
19. Upon full completion and accompanied by the application fee, the original application can be submitted to the Big Sky Economic Development Authority, Attn: Community Development, 222 N. 32nd Street, Suite 200, Billings, Montana 59101 (telephone 256-6871). If the application is complete, it will be provided to the County Attorney's Office to confirm eligibility, a duly advertised public hearing will then be scheduled, after which the Commissioners and/or City Council, in their discretion, will decide whether to approve or deny the application. The applicant, or a representative of the applicant, must appear in person at each of the public hearings.
20. The application to the Department of Revenue, which is part of this application, must also be completed and signed by the applicant.
21. The Board of County Commissioners and/or City Council may review this applicant's tax incentive program at any time and terminate further reductions at their discretion if they find the provisions of Resolution are not being met.
22. If application is approved, applicant will comply with the following provisions. Failure to comply may lead to the previously approved tax abatement being rescinded:
- Provide copy of Occupancy Certificate and/or Certificate of Substantial Completion
 - Annual Survey to be completed and returned to Big Sky EDA by November 30th of each year
 - Remain current on all property taxes on the subject property
 - Notify Big Sky EDA of any ownership changes or change of use of the facility
 - Comply with any other provisions set by the Board of County Commissioners and/or City Council

23. In order for this incentive program to apply to the applicant's current year taxes, Yellowstone County must receive the properly completed application by March 1st of the year in which the reduction is desired. If within the city of Billings, City Council must approve the application by March of the year in which the reduction is desired.

24. Signature of applicant/representative: John Brown

25. Date of application: 08/21/2022

26. County Commissioner's Public hearing held (date): _____

27. City Council's Public hearing held (date): _____

Recommendation by the Big Sky Economic Development Authority:

____ Approve ____ Deny Signature: _____ Date: _____

County Board of Planning or Laurel-Yellowstone City-County Planning Board certifies that business conforms to zoning regulations:

Signature: _____ Date: _____

If a non-public water or sewer system is used (i.e., septic tank and water well) County Health Department certifies that system conforms to acceptable standard, or will do so on completion of construction:

Signature: _____ Date: _____

County Treasurer's Office certifies that City and County taxes have been paid in full or otherwise satisfied:

Signature: _____ Date: _____

City Finance office certifies that the business has applied for the appropriate City business license:

Signature: _____ Date: _____

Action by Board of County Commissioners:

Date: _____

____ Approve ____ Deny Chair: _____ Date: _____

Member: _____ Date: _____

Member: _____ Date: _____

Action by Billings City Council (if applicable – project within City limits):

____ Approve ____ Deny

Date: _____

CITY OF BILLINGS

By: _____

ATTEST:

By: _____

**APPLICATION TO THE DEPARTMENT OF REVENUE
BUILDING REMODEL, RECONSTRUCTION OR EXPANSION
(Title 15- Chapter 24 – Part 14 MCA)**

To: Assessor
Yellowstone County

Name of Applicant: Rimrock IV, LLC; DBA Kia of Billings

Mailing Address: PO Box 80208 Billings, MT 59106

Legal description of affected property: _____
MONTANA SAPPHIRE SUB AMD LT 9A OF AMD LT 9 & 10/1 Lot 9A1 Block 1
Subdivision MONTANA SAPPHIRE SUB AMD LT 9A OF AMD LT 9 & 10/1 Lot 9A2 Block 1

Date construction permit issued: _____
(If no permit is required, specify the date when certificate in lieu of building permit was issued).
This application covers the (expansion/new) construction of the _____ plant.
A public hearing on this matter of Building Expansion, Remodel, or Reconstruction was held at the
Yellowstone County Courthouse at _____ (am/pm) on the _____ day of _____, 20____
Due notice as defined in 76-15-103 was given. True and exact copies of said notices are attached to this
application. _____ Yes _____ No

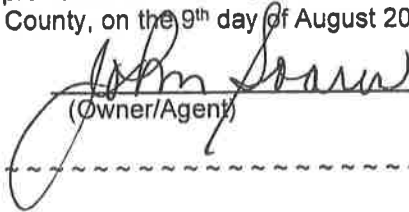
The statutory \$500,000 investment requirement for expansion or modernization has been met.
_____ Yes _____ No

The statutory 2.5% increase in value requirement for new improvements has been met.
_____ Yes _____ No

The statutory 5% increase in value requirement for new improvements has been met.
_____ Yes _____ No

The qualifying property consists of the following: _____
(Attach site plats, construction prints, and detailed equipment list identifying the qualifying property.)

This application is made under the provisions of 15-24-1501 or 1601 MCA, and by resolution adopted by
the Commissioners of Yellowstone County, on the 9th day of August 2002. A copy of the same is
attached.


(Owner/Agent)

~~~~~  
We, the undersigned, Commissioners of Yellowstone County, (approve/disapprove) this application for  
\_\_\_\_\_. We find that it (does/does not) conform to the criteria  
as set forth in the resolution adopted by this Board on the 9<sup>th</sup> day of August 2002.

\_\_\_\_\_  
Name  
\_\_\_\_\_  
Name  
\_\_\_\_\_  
Name

\_\_\_\_\_  
Title  
\_\_\_\_\_  
Title  
\_\_\_\_\_  
Title

**City Council Regular**

**Date:** 04/24/2023  
**Title:** PUBLIC HEARING AND RESOLUTION approving Tax Abatement - Rimrock IV, LLC d/b/a KIA of Billings  
**Presented by:** Chris Kukulski, City Administrator  
**Department:** City Hall Administration  
**Presentation:** Yes  
**Legal Review** Yes

**RECOMMENDATION** 100%

The City Council grant a 50% tax abatement to Rimrock IV, LLC, d/b/a KIA of Billings in support of their \$5.0 million investment to expand their facility at 4040 King Avenue West within the City.

**BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)**

Rimrock IV, LLC, d/b/a KIA of Billings applied for a tax abatement in August 2022 and has been in business in Billings, Montana for 10 years. The business specializes in automotive sales and service of new and used vehicles and includes parts sales. The company plans to remodel and expand their KIA dealership by investing \$5,000,000 in new construction at 4040 King Avenue West. The existing building is currently valued at \$4.5 million. This project is located within Billings City limits and will go before Billings City Council and Yellowstone County Commissioners for consideration.

The business currently has 36 full time employees and intends to expand their workforce to 60 full time employees within two years, by December 2025. The new jobs will be sales associates, automotive technicians, sales manager, administration, and parts representatives. See the enclosed summary of the tax abatement application from BSED and Rimrock Kia's application.

City Resolution 05-18377 allows the City Council to grant a 50% tax abatement. The attached application requests the city and county consider approving a tax abatement for KIA's building improvements.

**STAKEHOLDERS**

N/A

**ALTERNATIVES**

City Council may:

- Approve the tax abatement for the amount requests, or
- Approve a tax abatement for amount other than requested, or
- Not approve the tax abatement.

**FISCAL EFFECTS**

The annual economic impact of 24 new jobs in the automotive sector will result in \$3,657,426 in sales/output direct impact, \$401,410 in indirect impact for a total of \$4,058,836 annual economic impact to our region, per JobsEQ.

**Attachments**

BSED Summary - Kia Abatement  
 2005 Tax Abatement Resolution  
 2023 Tax Abatement Draft Resolution  
 Exhibit A- KIA Signed Application

Res. 23-11114

|                       |          |
|-----------------------|----------|
| COUNCIL ACTION        | approved |
| 9-Z, Neese + Purinton | opposed  |
| APR 24 2023           |          |
| dls                   |          |
| CITY CLERK            |          |

## **Rimrock KIA - Five Year Tax Abatement Request Project Summary**

Rimrock IV, LLC DBA KIA of Billings has been in business in Billings Montana for 10 years. The business specializes in automotive sales and service of new and used vehicles and includes parts sales.

The company plans to remodel and expand their KIA dealership by investing \$5,000,000 in new construction at 4040 King Avenue West. The existing building is currently valued at \$4.5 million. Their plan is to begin the expansion this spring with construction being completed this year. This project is located within Billings City limits and will go before Billings City Council and Yellowstone County Commissioners for consideration.

The Tax Abatement Request is ONLY on the new investment in the business, meaning the tax savings are only on the new incremental taxable value on the \$5,000,000 investment. The existing business tax obligation remains at the full 100%.

Rimrock KIA currently employs 36 full time employees and intends to expand their work force to 60 full time employees within two years. The new jobs will be sales associates, automotive technicians, sales managers, administration, and parts representatives.

Facility Investment: Expansion is estimated at \$5,000,000

Jobs Created: 24 full time positions. The annual economic impact of 24 new jobs in the automotive sector will result in \$3,657,426 in sales/output direct impact, \$401,410 in indirect impact for a total of \$4,058,836 annual economic impact to our region, per JobsEQ.

Jobs Retained: Currently 36 full time positions.

The application received in August 2022.

Company Address: Rimrock IV, LLC DBA Kia of Billings  
4040 King Avenue West  
Billings, MT 59106

Contact Person: April Wagner, Controller  
P. O. Box 80208  
Billings, MT 59108  
406-655-7444

**RECOMMENDATION:** The City Council grant a 50% tax abatement to Rimrock IV, LLC DBA Kia of Billings in support of their \$5,000,000 investment to expand their facility at 4040 King Avenue West within the City.

### **ALTERNATIVES**

City Council may:

- Approve the tax abatement or;
- Not approve the tax abatement

**RESOLUTION 05-18377**

**A RESOLUTION CREATING A CITY OF BILLINGS TAX INCENTIVE PROGRAM FOR REMODELING, RECONSTRUCTING OR EXPANDING BUILDINGS OR STRUCTURES AND REPEALING CITY RESOLUTION #89-16126**

**WHEREAS**, the City Council of the City of Billings believes that it is in the public interest that the community's existing buildings and 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 15-24-1501, MCA, a means for Montana cities to provide tax incentives for certain remodeling, reconstruction or expansion of existing buildings; and

**WHEREAS**, the City Council desires to offer those property tax incentives to existing building owners that remodel, reconstruct or expand their buildings.

**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 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 15-24-1501, MCA and applicable Administrative Rules of Montana.
3. The incentive applies only to the taxable value of the improvements made to the building 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 five years following construction shall be as follows:

|                                                           |      |
|-----------------------------------------------------------|------|
| Construction period                                       | 0%   |
| First year through the fourth year following construction | 0%   |
| Fifth year following construction                         | 100% |
| Following years                                           | 100% |
4. Each applicant shall meet the following minimum criteria:
  - a. the construction increases the property's value by at least 2.5% as determined by the Montana Department of Revenue;
  - b. the construction costs meet or exceed \$500,000;
  - 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; and
  - e. the applicant has completed the application procedures outlined in attached Exhibit A.
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 or some other schedule, for each existing building or structure as to which the tax incentive is granted.
7. City of Billings Resolution No. 89-16126 is hereby repealed.

**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 15-24-1501, M.C.A. for the remodeling, reconstruction or expansion of buildings and structures where the remodeling, reconstruction or expansion of buildings and structures will increase the taxable value by at least 2 ½% and the cost of the remodeling, reconstruction or expansion exceeds \$500,000, as determined by the State of Montana Department of Revenue or its agents.

**PASSED AND APPROVED** by the City Council this 12<sup>th</sup> day of December, 2005.





CITY OF BILLINGS

By: Charles F. Tooley  
Charles F. Tooley, Mayor

ATTEST:

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

## EXHIBIT A

### APPLICATION PROCEDURES FOR CITY OF BILLINGS, MONTANA TAX INCENTIVE PROGRAM FOR REMODELING, RECONSTRUCTING OR EXPANDING EXISTING 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 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.
- 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.