

**RESOLUTION 23-11138**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF BILLINGS, MONTANA, APPROVING TAX BENEFITS  
FOR WP EAST 80 LLC D/B/A BOTTLES AND SHOTS**

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

WHEREAS, WP East 80 LLC d/b/a Bottles and Shots has set forth in its application (Exhibit A) certain information regarding the improvements made to its business which appear to qualify WP East 80 LLC d/b/a Bottles and Shots for said tax benefits; and

WHEREAS, Section 15-24-1501(3), M.C.A. requires the governing body to give notice of a public hearing to hear comment. Said notice was published on June 30 and July 7, 2023

WHEREAS, The City Council of the City of Billings, Montana held a public hearing on July 10, 2023, and duly considered the application of WP East 80 LLC d/b/a Bottles and Shots 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,

The application (Exhibit A) for tax benefits made by WP East 80 LLC d/b/a Bottles & Shots is APPROVED.

Pursuant to Section 15-24-1501, M.C.A. and City of Billings Resolution 05-18377, 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%

The tax benefits approved are those provided in Resolution 05-18377. The property receiving the tax benefits is described as follows:

Lot 2A of Block 1 of the Amended Plat of Circle Fifty Subdivision with a tax code of A26425, Yellowstone County, Montana.

The remodeling, reconstruction, or expansion of existing buildings or structures classification tax benefits shall be made for WP East 80 LLC d/b/a Bottles and Shots on the earliest tax bill allowed by law.

ADOPTED AND APPROVED by the Billings City Council on the 10<sup>th</sup> day of July, 2023.

CITY OF BILLINGS:



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

ATTEST:

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

**City Council Regular**

**Date:** 07/10/2023  
**Title:** PUBLIC HEARING AND RESOLUTION approving Tax Abatement - WP East 80 LLC dba Bottles & Shots  
**Presented by:** Chris Kukulski, City Administrator  
**Department:** City Hall Administration  
**Presentation:** Yes  
**Legal Review:** Yes  
**Project Number:** N/A

COUNCIL ACTION

RES 23-11138

JUL 10 2023

CITY CLERK

**RECOMMENDATION**

Staff recommends that the City Council conduct a public hearing and approve the application and resolution granting a tax abatement for WP East 80 LLC dba Bottles & Shots in support of their \$800,000 investment to expand their facility at 3925 Grand Avenue within the City.

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

The City of Billings operates property tax incentive programs under State Law authority found in 15-24-1401, 1501, 1502 and 1601 MCA. WP East 80 LLC dba Bottles & Shots has applied for a tax abatement under 15-24-1501, MCA and City Resolution No. 05-18377. This program encourages property remodeling, reconstruction and expansion by exempting 100% of the increase in valuation from City and local School District taxes during the construction period and for the following four (4) years. In the fifth and subsequent years, the improvements are fully taxable. Minimum qualifications include that the investment must be at least \$500,000, it adds at least 2.5% to the property's taxable value, current property taxes are paid, the zoning is correct and the applicant disclose the type and the estimated number of full time and part time jobs that the investment will create. The private investment meets the value criteria, taxes are paid and the zoning is correct.

WP East 80 LLC currently employs 8 full time employees and 12 part time employees and intends to expand their work force by at least 3 within six months. The new jobs will be customer service and sales associates. See the enclosed summary of the tax abatement application from BSED and Bottles & Shots application.

The City Council must conduct a public hearing before considering the attached resolution that grants the tax exemption. The hearing was advertised in the Yellowstone County News on June 30 and July 7, 2023.

**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**

WP East 80 LLC dba Bottles & Shots submitted an application to abate taxes on commercial building remodeling at 3925 Grand Avenue for exterior improvements which began April 2023 and is scheduled to be completed by October 2023. The property is valued at \$2.8 million as of September 2022. This business provides retail sales, food, and entertainment. It predicts adding 3 part-time employees after the remodel is complete. If Council approves the application, the business will not pay property tax on the net, new investment value until the incentive expires after four (4) years. The property will still be subject to the City's other fees and assessments.

**Attachments**

WP East 80 LLC Summary

WP East 80 LLC Fiscal Effects  
2005 Tax Abatement Resolution  
2023 Tax Abatement Draft Resolution  
Exhibit A - WP East 80 LLC Signed Applications



## **WP East 80 LLC dba Bottles & Shots - Five Year Tax Abatement Request Project Summary**

WP East 80, dba Bottles & Shots of Billings has been in business in Billings Montana for over 22 years. The business specializes in retail sales, entertainment, and food.

The company dba Bottles & Shots plans to renovate their Bottles & Shots business located at 3925 Grand Avenue by investing \$800,000 in upgrades. The existing building is currently valued at \$230,000. Their plan is to begin the renovation this spring with construction being completed this year. This project is located within Billings City limits and will go before both Billings City Council and Yellowstone County Commissioners for consideration.

The request meets the requirements under MCA 15-24-1501, County Resolution 02-66, and City Resolution 05-18377. Per MCA 15-24-1501 and City and County Resolutions allows for tax reductions on remodeling, reconstruction or expansion of existing real property provided the investment is \$500,000 or greater and has a 2.5% increase in overall taxable value.

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 \$800,000 investment. The existing business tax obligation remains at the full 100%.

WP East 80 LLC currently employs 8 full time employees and 12 part time employees and intends to expand their work force by at least 3 within six months. The new jobs will be customer service and sales associates.

Facility Investment: Expansion is estimated at \$800,000

Jobs Created: At least 3 new positions.

Jobs Retained: Currently 20 full and part time positions.

The application received in March 2023.

Company Address: WP East 80 LLC  
3925 Grand Avenue  
Billings, MT 59102

Contact Person: Pam Ask, Owner  
3925 Grand Avenue  
Billings, MT 59102  
406-671-7981

## **Tax Abatement Information and Fiscal Effects**

Big Sky Economic Development staff acts as the facilitator of requests for tax abatements in Yellowstone County. We oversee the application process to determine the application is complete, needed information is supplied and property owner/ business owner signatures are on the application. We provide the applicable jurisdictions Attorney's office (County or County and City) with the application to review and confirm it meets the minimum requirements to move forward with a request. If so, we work with the applicant and shepherd the application through the jurisdictions appropriate process for consideration. We request and gather information from the applicant, County, City, and the Department of Revenue. As economic development professionals we gather and analyze data to show the estimated value of the proposed new private investment. We lean on our partner's expertise within local government and the Department of Revenue as we are neither attorneys, accountants, or taxation specialists and obtain our information through outside experts and supply publicly available and property owner provided information.

### **Economic growth and increased revenue in the long term**

While tax abatements suspend immediate new incremental government revenue, they can stimulate economic growth and generate additional revenue in the long term. By providing incentives for investment and economic activities, tax abatements can attract businesses, create jobs, and spur economic development.

It's important to note that the state legislature along with cities and counties have an impact on tax abatement programs availability, eligibility criteria, and specific details and may change over time. Businesses and individuals interested in tax abatements in Billings and Yellowstone County should contact the local government offices, Big Sky Economic Development, or the Montana Department of Revenue for the most up-to-date information and guidance on these programs.

### **Can the County and the City differ on their decision and what is the impact?**

Response from DOR, "Technically yes, the city and the county do not have to agree, the problem is, if one of them approves, the abatement will still impact the approving authority and the school districts. The mills of the entity denying will not be abated and staff will need to go in by hand and calculate the total taxable value to enter separately on the tax bills for the entity denying the application. Additionally, we will need to manipulate the certified values as well for the denying entity as the value in our system will appear abated for all. It does leave room for human error without a doubt. The same only worse would be true if the city and the county both approved but at different rates."

### **Can the City and County approve a 10-year tax abatement at different percentages?**

Response from DOR, "Technically yes, the city and the county can approve at different rates. However, as mentioned above, this creates complications and poses a risk for error. There is no way for the state to systematically make these differing changes and will have to calculate by hand the differences for the taxing jurisdiction when certifying taxable value and when preparing the property tax bill. Additionally, because the schools are affected by any approval, if the percentages were approved differently, which percentage would we use for the schools? Any special districts that are mill driven are also impacted by

the abated taxable value. The state levies are the only levies specifically excluded in statute and are therefore never abated.”

Districts and jurisdictions are not negatively impacted by a tax abatement, current taxes are not reduced. The incremental increase in property value in taxes based on a business’s investment in an expansion are reduced for the period as determined by the 5 or 10-year tax abatement programs.

#### **Projecting the amount of tax savings calculation**

The estimated tax savings would depend upon the type of property and the percentage abated. An investment of \$1 million, does not necessarily mean an increase of \$1 million in market value. Investments will affect the property’s value differently.

For example:

A \$1,000,000 increase in assessed value of Improvements, the effect of City tax revenue would be:

$$\text{\$1,000,000 (Assessed Value Increase)} \times .0189 \text{ (Tax Rate)} = \text{\$18,900.00 (Taxable Value)}$$

$$\text{\$18,900 (Taxable Value)} \times 177.3 \text{ (City Mills – 2022)/1,000} = \text{\$3,350.97 (Total City Taxes Due on that value if an abatement were denied)}$$

The annual effect during the period of abatement of a \$1,000,000 increase in new assessed value to the City would be:

\$3,350.97 (Full abatement under 5-year Tax Abatement Program),

\$2,513.23 (75% abatement for the first 5 years under the 10-year Tax Abatement Program, years 6-10 are incrementally increased to full taxable value by year 10), or,

\$1,675.49 (50% abatement for the first 5 years under the 10-year Tax Abatement Program, years 6-10 are incrementally increased to full taxable value by year 10).

#### **Approved Tax Abatements Examples**

##### **5-year Tax Abatements**

Heights Eye Care—Optometrists, eye exams, glasses, contacts, eye care supplies sales

Shipton’s Big R—farm and ranch supplies, clothing, home goods sales

Rimrock KIA—automotive service and sales

##### **10-year Tax Abatements**

Auto Trim Design—automotive specialties, goods and service

Big Horn Resort—Lodging and tourism

Home Science Training Tools-science kits, educational

Staley’s Tire—tire sales and service



**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/AEE, 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.

**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: ASK Inc./WP East 80 LLC
2. ☒ Building Remodel or Reconstruction: Start of construction (date) April 1, 2023  
End of construction (date) Oct. 30, 2023
3. ☐ Building Expansion: Start of construction (date) \_\_\_\_\_  
End of construction (date) \_\_\_\_\_
4. Address of business: 3925 Grand Avenue, 59102  
Actual location of business: " "  
Tax Code: A26425, A26424A  
Within city limits of Billings ☒ YES ☐ NO
5. Person representing business and responsible for application:  
Name: Pam Ask Title: Owner  
Address: 3925 Grand Avenue Telephone: 406-671-7981
6. Amount of capital investment for Expansion, Remodel or Reconstruction in Billings / Yellowstone County: \$ 800,000 (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:  
\$ 2.8 MM Sept of 2022 Appraisal
8. Explain business activity – what business does: Retail sales, entertainment, food
9. How long has this business been located in Billings and/or Yellowstone County?  
22 years
10. As of the date of this application, how many employees does the business currently employ:  
8 Full-time 12 Part-time
11. How many employees will the applicant have within 2 years after completion of construction:  
8 Full-time 15 Part-time



12. Provide job titles and job skills required for all new employees both full and part-time:  
customer service, math, inventory, pricing,  
computer skills, product knowledge
13. What is the hourly pay scale of both full and part-time employees to include benefits (new employees only): \$15 starting and up
14. Other Economic impacts of capital investment: improved facade,  
exterior improvements,
15. Planned hiring schedule: October 2023
16. List other property tax benefits business currently receives or has applied for: none
17. Building permit (attach copy or explain absence): BP-22-05331
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, 201 North Broadway, 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:
- i. Annual Survey to be completed and returned to Big Sky EDA by November 30<sup>th</sup> of each year
  - ii. Remain current on all property taxes on the subject property
  - iii. Notify Big Sky EDA of any ownership changes or change of use of the facility
  - iv. 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 1<sup>st</sup> 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: *Samela J. [Signature]*

25. Date of application: 3.21.23

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

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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: ASK Inc. / WP East 80 LLC  
Mailing Address: 3925 Grand Avenue, Billings 59102  
Legal description of affected property: Circle Fifty SUBD, S 33, T 1 N,  
R 25 E, BLOCK 1, LOT 2A,

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 \_\_\_\_\_.

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

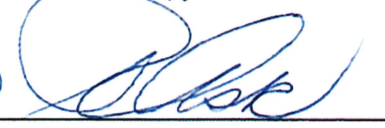
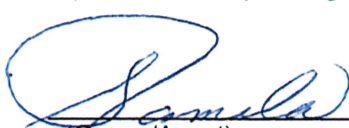
The statutory \$500,000 investment requirement for expansion or modernization has been met.  
\_\_\_\_\_ Yes \_\_\_\_\_ No

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 9<sup>th</sup> day of August 2002. A copy of the same is  
attached.

  
(Owner/Agent)