

RESOLUTION 24-11243

**A RESOLUTION CREATING PROCEDURES FOR
TAX ABATEMENT APPLICATIONS**

WHEREAS, the City of Billings believes it is in the public interest for new industries to locate in Billings and for existing industries to expand in Billings.

WHEREAS, the Montana Legislature has approved, in Section 15-24-1402, MCA, a means for Montana cities to provide incentives for certain types of new or expanding industries in the form of property tax reductions over a period of ten (10) years.

WHEREAS, the City of Billings believes it is the public interest that the community's existing buildings or structures be remodeled, reconstructed, or expanded

thereby improving the community's appearance, expanding employment, and increasing the tax base.

WHEREAS, the Montana Legislature has approved, in Sections 15-24-1501 and 15-24-1502, MCA, a means for Montana cities to provide tax incentives for certain remodeling, reconstruction or expansion of existing buildings.

WHEREAS, the City Council wishes to offer those property tax incentives to qualified industries and for qualified improvements or modernized processes as well as to property owners of existing buildings or structures that remodel, reconstruct, or expand their property.

WHEREAS, City Council previously approved Resolutions 05-18376, 05-18377 and 05-18378, which outline the City of Billings' application process for tax incentives pursuant to MCA 15-24-1402, 15-24-1501, and 15-24-1502.

WHEREAS, the City of Billings wishes to consolidate and update the application process for tax abatements in the City. In doing so, the city seeks to supersede and replace prior resolutions 05-18376, 05-18377 and 05-18378. The city further seeks to consolidate the process for seeking a tax abatement in the City of Billings pursuant to MCA 15-24-1402, 15-24-1501, and 15-24-1502 under this resolution and attached exhibits.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA, that it is in the public interest to encourage economic development in the City of Billings using tax incentives for new and expanding industry and for the remodel, reconstruction, and expansion of certain buildings and structures. Business owners in the City of Billings are encouraged to apply to the City of Billings for these tax incentives through the application process described in Exhibits A and B.

BE IT FURTHER RESOLVED that this resolution supersedes and replaces
City of Billings Resolutions 05-18376, 05-18377 and 05-18378.

PASSED AND APPROVED by the City Council this 12th day of November, 2024.

CITY OF BILLINGS



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

ATTEST:

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

Attachments: Exhibits A & B

EXHIBIT A

Procedures for Obtaining Property Tax Incentives Under MCA 15-24-1402

1. All Applicants for tax reductions must petition the City of Billings in writing and address the requirements and provisions outlined in this exhibit.
2. Qualifying applicants may, at the discretion of the City Council, receive property tax reductions according to the following schedule:

The default initial abatement amount for this application in the City of Billings shall be set at 50%. The City Council, at its discretion, can set the abatement to 75%. Starting in the 6th year of the abatement, the taxation rate will increase by equal percentages until full value is reached in the 10th year and thereafter:

1st through 5th year	50% of taxable value
6th year	60%
7th year	70%
8th year	80%
9th year	90%
10th year and subsequent years	100%

3. The definitions outlined below apply in the use of tax incentives approved by the City of Billings:
 - a. "Expansion" means that the industry has added or will add at least \$500,000 worth of qualifying improvements or modernized processes to its property in the City of Billings either in the first tax year in which the benefits provided for in MCA 15-24-1402 are to be received or in the preceding tax year.
 - b. "Industry" includes, but is not limited to, a firm that:
 - i. engages in the mechanical or chemical transformation of materials or substances into products in the manner defined as manufacturing in the North American Industry Classification System Manual prepared by the United States office of management and budget.
 - ii. engages in the extraction or harvesting of minerals, ore, or forestry products.
 - iii. engages in the processing of Montana raw materials such as minerals, ore, agricultural products, and forestry products.
 - iv. engages in the transportation, warehousing, or distribution of commercial products or materials if 50% or more of the industry's gross sales or receipts are earned from outside the state.

- v. earns 50% or more of its annual gross income from out-of-state sales.
- vi. engages in the production of electrical energy in an amount of 1 megawatt or more by means of an alternative renewable energy source as defined in MCA 15-6-225;
- vii. operates a qualified data center or dedicated communications infrastructure classified under MCA 15-6-162; or
- viii. operates a green hydrogen facility, green hydrogen pipeline, or green hydrogen storage system as defined in MCA 15-6-163.

- c. "New" means that the firm is new to the City of Billings and has invested or will invest at least \$500,000 worth of qualifying improvements or modernized processes in the jurisdiction either in the first tax year in which the benefits provided for in MCA 15-24-1402 are to be received or in the preceding tax year.
- d. "Qualifying" means meeting all the terms, conditions, and requirements for a reduction in taxable value under MCA 15-24-1401 and 15-24-1402.

4. The City of Billings may approve an application by separate resolution for the tax treatment as provided herein, only after the applicant has completed the following:
 - a. Receives a building permit or a "Certificate in Lieu of Building Permit";
 - b. Presents a completed application for tax treatment provided by the Department of Revenue (available from the County Assessor's Office) or which is attached to the City of Billings Application Form for Tax Reduction.
 - c. Provides proof of qualification as new or expanding industry as defined herein.
 - d. Provides proof from the Yellowstone County Treasurer's Office that all of the applicant's taxes have been paid in full or otherwise provided for to the City of Billings's satisfaction. Taxes paid under protest do not preclude approval.
 - e. At the time the application is submitted, the applicant must provide a notarized list of current full-time and part-time jobs, including job titles, description of duties, and current wage range. The applicant will provide an estimate of the number of new jobs that will be created by the new or expanded facility. This estimate must include the job titles, required job skills, salary ranges, hiring schedule, and a brief description of economic impact.
 - f. At the time the application is submitted, the applicant must provide an appraisal of the business and an estimate of an anticipated future appraisal following the construction.

- g. The applicant must have a representative appear before the City Council at the public hearing on the application to answer any questions or address any concerns raised by the City Council.
5. The applicant agrees, following an approval of an application, to conduct the following activities:
 - a. Within 90 days of the completion of construction, the applicant will provide an updated list of the positions created including the job titles, required job skills, salary ranges, hiring schedule, and a brief description of economic impact.
 - b. Within 90 days of the completion of construction, the applicant will offer a tour of the improvements to the City Council.
 - c. The Applicant agrees to submit an annual report, for the duration of the abatement, that shall be mailed or submitted to both the City Council and to Big Sky Economic Development by January 15 of each year. The report shall include the number of part-time and full-time employees, total annual payroll, and a notarized list of employees. Additional information may be required to confirm job and payroll reports.
6. Upon approval of the application, the City of Billings shall notify, by certified mail, all taxing jurisdictions affected by the tax benefits.
7. Upon receipt of the completed application form and the approving resolution from the City Council, the Assessor shall make the assessment change pursuant to 15-24-1401 and 15-24-1402, MCA.
8. In no case may the benefit described in 15-24-1401 and 15-24-1402, MCA, apply to levies or assessments required under Title 15, Chapter 10, 20-9-331, 20-9-333, or otherwise required under State law.

EXHIBIT B

Procedures for Obtaining Property Tax Incentives Under MCA 15-24-1501

1. All Applicants for tax reductions must petition the City of Billings in writing and address the requirements and provisions outlined in this exhibit.
2. Qualifying applicants may, at the discretion of the City Council, receive property tax reductions according to the following schedule:

Construction period	0%
1 st year following construction	20%
2 nd year following construction	40%
3 rd year following construction	60%
4 th year following construction	80%
5 th year following construction	100%
Following years	100%

3. The City Council may approve an application by separate resolution for the tax treatment as provided herein, only after the applicant has completed the following:
 - a. Presents a completed application for Tax Reduction-Building Remodel, Expansion or Reconstruction.
 - i. As part of the application, building site plans/drawings shall be completed and submitted to the City of Billings prior to construction beginning. Failure to submit prior to construction beginning may preclude approval.
 - ii. Project remodel/reconstruction/expansion must meet all applicable City zoning criteria, building codes, ordinances, resolutions, or statutory requirements.
 - b. Provides proof from the Yellowstone County Treasurer's Office that all of the applicant's taxes have been paid in full or otherwise provided for to the City Council's satisfaction. Taxes paid under protest do not preclude approval.
 - c. At the time the application is submitted, the applicant must provide a notarized list of current full-time and part-time jobs, including job titles, description of duties, and current wage range. The applicant will provide an estimate of the number of new jobs that will be created by the new or expanded facility. This estimate must include the job titles, required job skills, salary ranges, hiring schedule, and a brief description of economic impact.

- d. At the time the application is submitted, the applicant must provide an appraisal of the business and an estimate of an anticipated future appraisal following the construction.
 - i. Applications made pursuant to MCA 15-24-1501 must show an increase in taxable value by at least two and one half (2.5) percent and must have project construction costs of at least \$500,000.
- e. The applicant must have a representative appear before the City Council at the public hearing on the application to answer any questions or address any concerns raised by the City Council.

9. The applicant agrees, following an approval of an application, to conduct the following activities:

- a. Within 90 days of the completion of construction, the applicant will provide an updated list of the positions created including the job titles, required job skills, salary ranges, hiring schedule, and a brief description of economic impact.
- b. Within 90 days of the completion of construction, the applicant will provide a written statement affirming that the cost of the project exceeded \$500,000.
- c. Within 90 days of the completion of construction, the applicant will offer a tour of the improvements to the City Council.
- d. The Applicant agrees to submit an annual report, for the duration of the abatement, that shall be mailed or submitted to both the City Council and to Big Sky Economic Development by January 15 of each year. The report shall include the number of part-time and full-time employees, total annual payroll, and a notarized list of employees. Additional information may be required to confirm job and payroll reports.

10. Upon approval of the application, the City of Billings shall notify, by certified mail, all taxing jurisdictions affected by the tax benefits.

11. Upon receipt of the completed application form and the approving resolution from the City Council, the Assessor shall make the assessment change pursuant to 15-24-1501 and 15-24-1502, MCA.

12. In no case may the benefit described in 15-24-1501 and 15-24-1502, MCA apply to levies or assessments required under Title 15, Chapter 10, 20-9-331, 20-9-333, or otherwise required under State law.