

RESOLUTION NO. 09-18866

A RESOLUTION DESIGNATING BILLINGS, MONTANA AS A RECOVERY ZONE FOR PURPOSES OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

WHEREAS, the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009, includes the following Statement of Purposes: (1) to preserve and create jobs and promote economic recovery; (2) to assist those most impacted by the recession; (3) to provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) to invest in transportation, environmental protection and other infrastructure that will provide long-term economic benefits; and (5) to stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive State and local tax increases; and

WHEREAS, the ARRA provides that gross income does not include interest on any bond designated by the issuer thereof as a recovery zone economic development bond or a recovery zone facility bond ("Recovery Zone Bonds"); and

WHEREAS, the ARRA provides that the proceeds of recovery zone economic development bonds must be used for qualified economic development purposes, i.e., expenditures for purposes of promoting development or other economic activity in a recovery zone; and

WHEREAS, the ARRA provides that ninety-five (95%) or more of the net proceeds of a recovery zone facility bond must be used for recovery zone property which is in a recovery zone and is in the active conduct of a qualified business by the taxpayer in such zone; and

WHEREAS, the ARRA provides with respect to recovery zone economic development bonds and recovery zone facility bonds that a recovery zone is (1) any area designated by the issuer of such bonds as having significant poverty, unemployment, rate of home foreclosures, or general distress, (2) any area designated by the issuer of such bonds as distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990, and (3) any area for which a designation as an empowerment zone or renewal community is in effect; and

WHEREAS, Recovery Zone Bonds are designed to provide tax incentives for State and local governmental borrowing at lower borrowing costs to promote job creation and economic recovery targeted to areas particularly affected by employment decline; and

WHEREAS, the ARRA provides that Recovery Zone Bonds shall be subject to volume cap allocations, any portion of which received by a county or large municipality may be waived by such county or large municipality and re-allocated pursuant to the ARRA and Montana House Bill 645, adopted by the 2009 State Legislature, by the Montana Department of Administration (the "Department") in any reasonable manner as the Department deems in good faith, in its discretion, to be reasonable; and

WHEREAS, Internal Revenue Service Notice 2009-50, provides, in part, that issuers designate eligible recovery zones based on certain specified criteria and that issuers that receive volume cap allocations for Recovery Zone Bonds may make designations of recovery zones in any reasonable manner as such issuer shall determine in good faith, in its discretion.

NOW, THEREFORE, at a regular meeting of the Billings, Montana City Council, duly called, noticed, and held on the 14<sup>th</sup> day of September 2009, upon motion duly made and seconded, it is resolved, as follows:

1. In order for the City of Billings (the "Issuer") to avail itself of the economic development stimulus provisions contained in the ARRA, the Issuer, after careful consideration of all economic indicators in Billings, Montana, including but not limited to, loss of employment, rate of home foreclosures, loss of retail sales and declining tax revenues, in its discretion and in good faith, and in compliance with Section 1400U-1(b) of the Internal Revenue Code of 1986, hereby designates Billings, Montana as a recovery zone (the "Recovery Zone").

2. The Recovery Zone has suffered significant unemployment, a large increase in home foreclosures, and general economic distress.

3. All actions of the officers, agents and employees of any issuer of Recovery Zone Bonds that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

4. Issuer shall administer and serve as issuer of any Recovery Zone Bonds for which an allocation is granted to Issuer, unless otherwise allocated by Issuer or the Department in accordance with ARRA.

5. This Resolution shall be in full force and effect from and after its final passage and approval according to law.

PASSED AND ADOPTED by the Billings City Council on September 14, 2009.

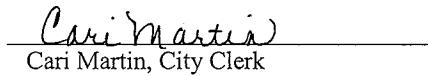


THE CITY OF BILLINGS



Ron Tussing, Mayor

ATTEST:

  
Cari Martin, City Clerk