



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

MEMORANDUM

To: Revenue and Transportation Interim Committee (RTIC)

From: Dan Bucks, Director 

Date: February 16, 2012

Subject: Questions raised about Billing Tax Increment Finance District (TIFD)

At the prior meeting of this committee, members heard issues from a Yellowstone County resident about the department handling of two separate matters related to a TIFD district located in Billings, Yellowstone County. Attached are two detailed memos that I am presenting to the RTIC to address the specific issues that were raised. Each memo goes into detail on the respective issue but, in short, the conclusion of each memo is the following:

Issue One:

That the department is not properly calculating the taxable value and the resulting revenue allocation between the Billings, Yellowstone TIFD and the local school districts, which results in overstating the revenue that is allocated to the TIFD.

That concern is valid; the department used the wrong calculation method for this TIFD that encompasses two school district boundaries. Effective for tax year 2012 and on a go forward basis, the department will no longer use this calculation method.

Issue Two:

That the Billings Yellowstone TIFD board has improperly failed to return \$800,000 of unused TIFD increment to various local taxing jurisdictions after its TIFD sunset and the Department of Revenue acted inappropriately by not prohibiting the TIFD board's use of that increment.

That concern is not valid; Montana statute allows the reallocation of unused TIFD increment to fund TIF projects that were identified prior to the time that the TIFD sunsets.