

AGENDA REPORT

DATE September 17, 2002

ITEM Res. 9263, Remodel Tax Benefit Application, 920 2nd ST S, S130' of L8-11, B504, GFO

INITIATED BY Steven D. and Denise M. Riggan, Innovative Printing Solutions

ACTION REQUESTED Adopt Resolution No. 9263

PREPARED & PRESENTED BY Mike Rattray, C.D. Director

REVIEWED & APPROVED BY Mike Rattray, C.D. Director

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RECOMMENDATION:

On September 1, 1981, the City Commission approved Resolution No. 7561 implementing the remodeling tax benefit program for Great Falls as a means of encouraging redevelopment and providing financial assistance to property owners. Staff recommends approval of the following motion:

MOTION:

I move to adopt Resolution 9263.

SYNOPSIS:

The property owner is constructing a 4800 square foot addition to the building at 920 Second Street South. The building permit was issued June 3, 2002, and the project will be completed in October 2002, at an estimated cost of \$210,000. The applicants are requesting approval of the tax benefits and Resolution No. 9263 has been prepared to comply with the requirement that all applications be approved by resolution. Approval of the application will allow for the taxes generated from the expansion to be added to the existing taxes over a five-year period in increments of 20 percent each year.

BACKGROUND:

Section 15-24-1501, MCA, provides the local government option of giving Tax Benefits for the Remodeling, Reconstruction or Expansion of Existing Buildings or Structures. The law governing this incentive was amended in 1985 requiring that each local governing body (City and County) approve the Tax Benefit on a project by project basis. If one local government body approves the tax benefit and the other does not, the benefit will apply only to the mills levied by the approving governing body. In addition, tax benefits do not include any relief from state-wide levies and local government approval of the application must be by resolution.

The City Commission's policy regarding the approval of remodeling tax benefits was established in the late 1980's and requires that all property taxes on all property owned by the applicant be current and that the applicant be allowed to take advantage of only one City program available to provide local development assistance. This policy came about as a result of concern that certain projects were taking advantage of

extremely low interest rate, City sponsored new construction or rehabilitation loan programs designed to improve building conditions, improve blighted areas and expand the tax base. After receiving the low interest loans, some developers were then applying for the reduction in property taxes, which had the net effect of canceling some of the benefits the City was supposed to derive from making the original loan.

In applying this policy to the application received from the current owners, we find that all property taxes are current and that the applicants have not received City financial assistance from other programs.

Attach: Resolution No. 9263

Application -- On file in the City Clerk's Office

cc: Steve & Denise Riggin, 920 2nd Street South, Great Falls, MT 59401