



Agenda # 10
Commission Meeting Date: May 6, 2008
CITY OF GREAT FALLS
COMMISSION AGENDA REPORT

Item: Resolution #9743, Remodel Tax Benefits, 1721 10th Avenue South

From: Mike Rattray, Community Development Director

Initiated By: William J. Himmelberg III

Presented By: Mike Rattray, Community Development Director

Action Requested: City Commission to consider adoption of Resolution #9743, for a remodeling tax benefit for McDonalds, 1721 10th Avenue South, Lots 7-10, Block 777, Great Falls 16th Addition

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission adopt Resolution #9743.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends the adoption of Resolution #9743, for a remodeling tax benefit for McDonald's, 1721 10th Avenue South, Lots 7-10, Block 777, Great Falls 16th Addition.

Background: The property owner, William J. Himmelberg III, has expanded the building at 1721 10th Avenue South. The building permit was issued July 26, 2007, and the project was completed in February 2008, at an estimated cost of \$1,381,904. The applicant is requesting approval of the tax benefits and Resolution No. 9743 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.

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) may 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 by Resolution 9004, approved January 19, 1999, 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 rates, 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.

Concurrences: Not applicable.

Fiscal Impact: 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.

Alternatives: The City Commission may or may not adopt Resolution #9743.

Attachments: Resolution No. 9743
Application (Not available online; on file in the City Clerk's Office.)

cc: William J. Himmelberg III
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