

Missoula Redevelopment Agency Policy Resolution



Administration & Finance Committee
September 15, 2021

Policy Issues and Goals

Issue Area [1] – Ensure appropriate balance exists between resources available in a URD vs operating revenues of taxing jurisdictions

- **Proposal** – Provide a limitation on the amount of tax increment based on a % of incremental taxable value vs citywide taxable value

Issue Area [2] – Ensure comment from local taxing jurisdictions is considered as part of MRA project deliberations

- **Proposal** – Expand MRA board to include non-voting ex officio members from local taxing jurisdictions

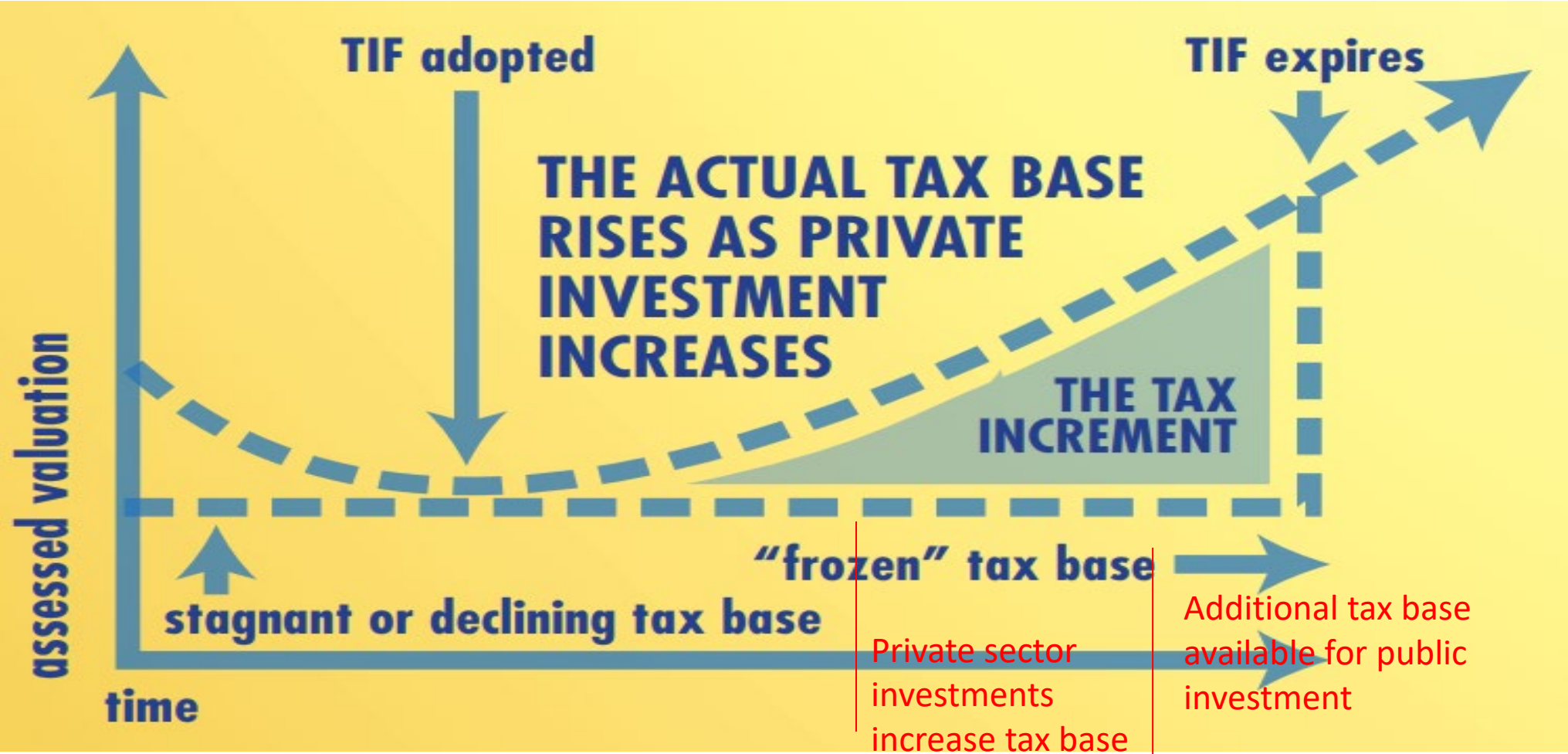
Issue Area [3] – Ensure City and MRA goals are consistent, particularly in the areas of housing and infrastructure development

- **Proposal** – The City and MRA shall adopt a joint strategic plan to support the overall goals of the City

City/MRA Joint Strategic Plan

- Identify strategies consistent with City-wide strategic plan and growth policy
- Include housing and infrastructure
- Acknowledge life cycle of urban renewal districts
- Articulate priorities that will be part of the analysis of applications for MRA dollars
 - Improve community understanding of the benefit of MRA
 - Improve private sector understanding of how to align projects and funding requests with City goals

Urban Renewal District Life Cycle



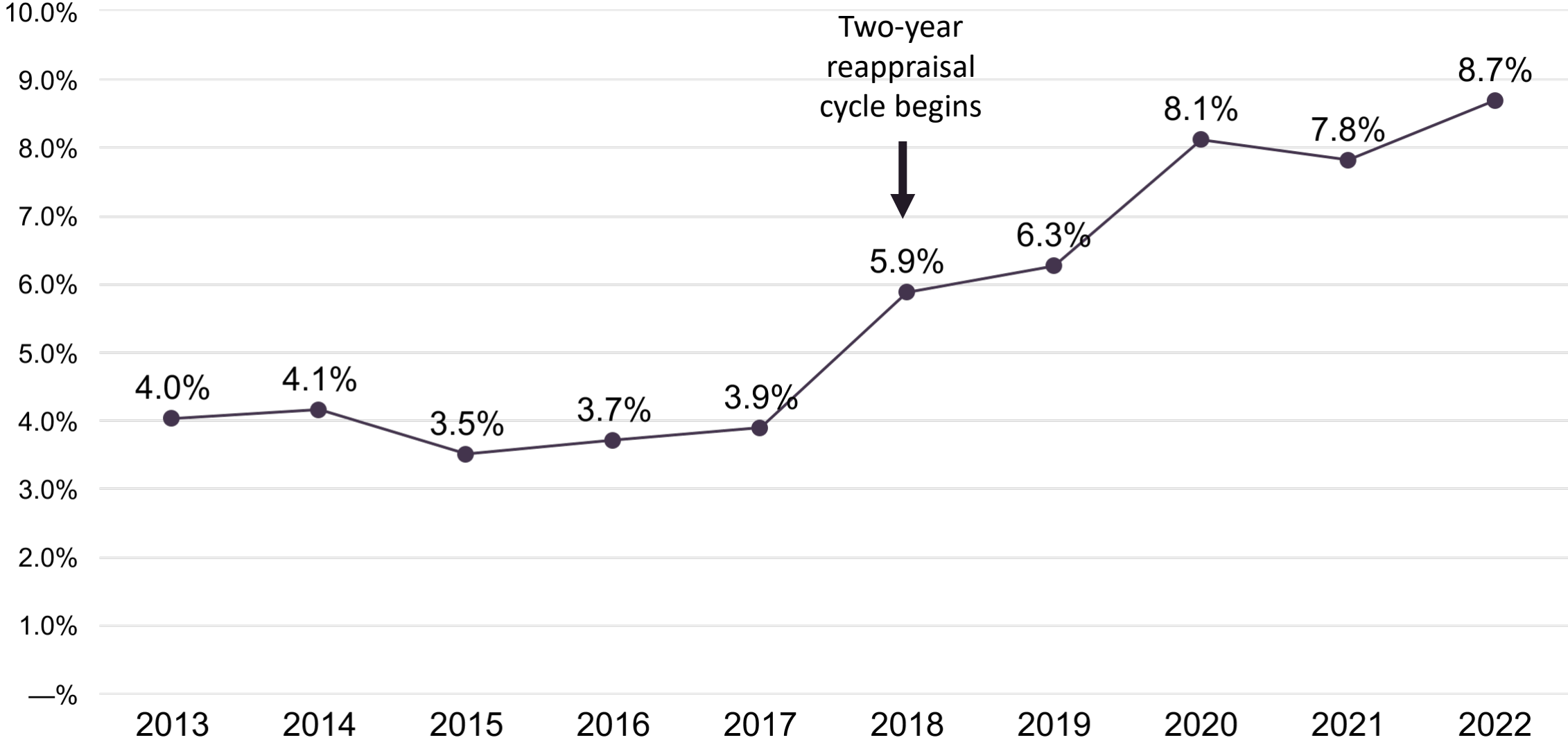
MRA Board Representation

- Add non-voting ex officio representatives to MRA Board
 - Chair of City Council Administration & Finance Committee
 - One designee from Missoula County Public Schools
 - One designee from Missoula County Commissioners Office
- Facilitate communication with taxing jurisdictions
- Provide broader perspective of community needs
- Enhance community benefit of Tax Increment Funding

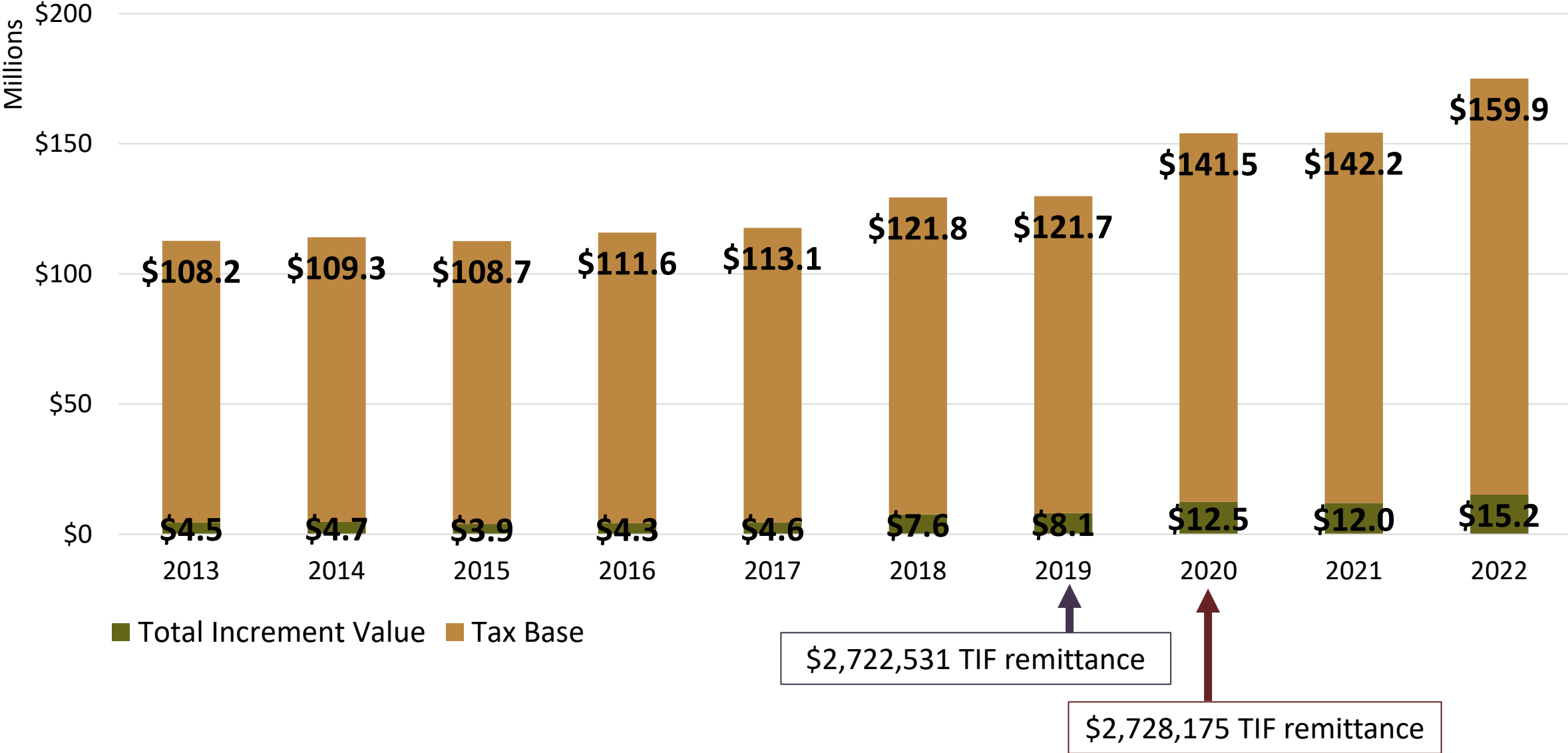
Limitation of Incremental Taxable Value

- Cumulative total incremental taxable value of all urban renewal districts in the City shall not exceed 9% of the total taxable value of the City.
- Subordinate to increment revenue bonds – cannot violate debt covenants
- Excess over cap to be distributed among taxing jurisdictions in proportionate share to mill levies

TIF Districts as Percentage of Total Taxable Value

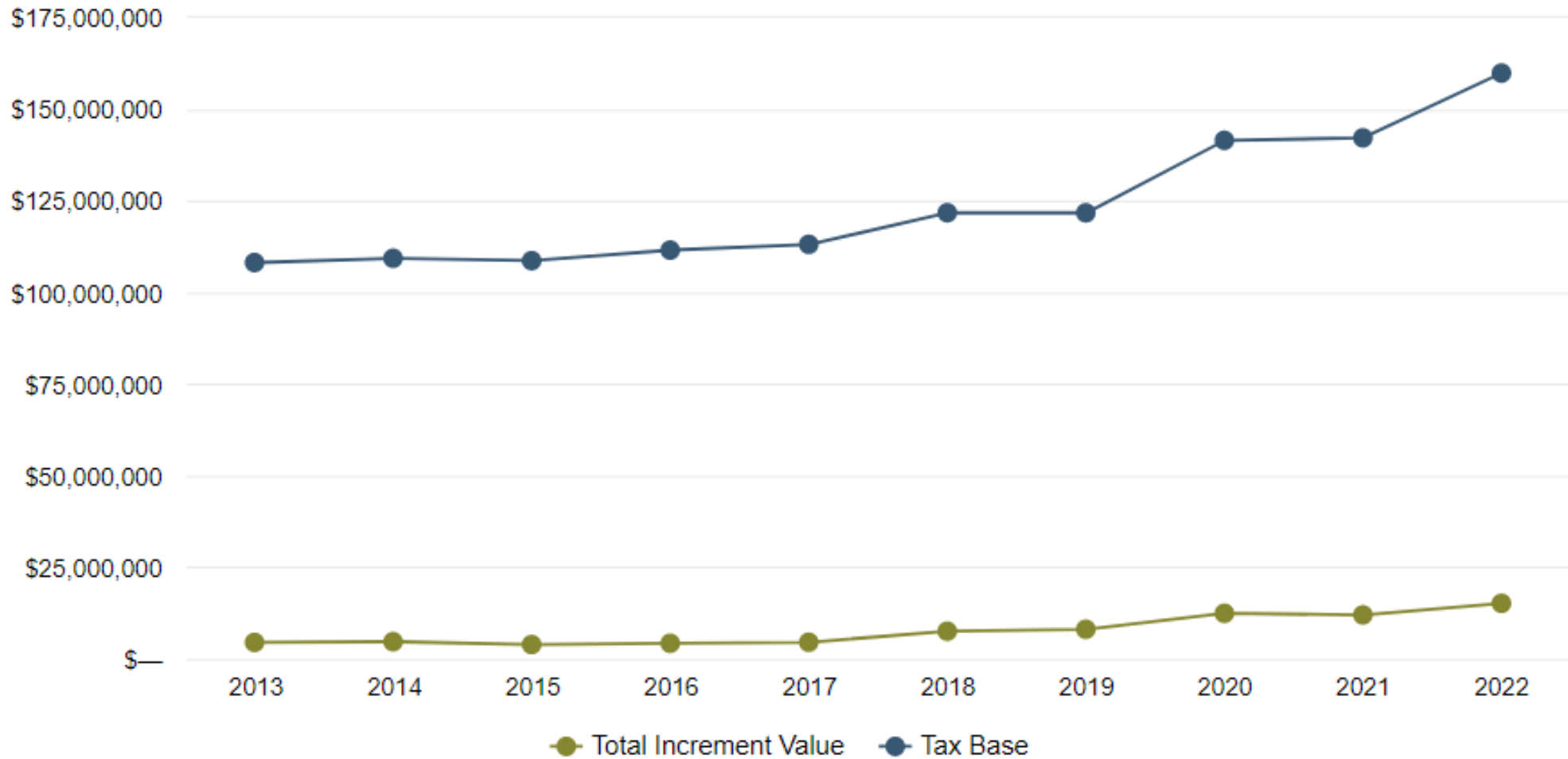


TIF Districts and Non-TIF Tax Base

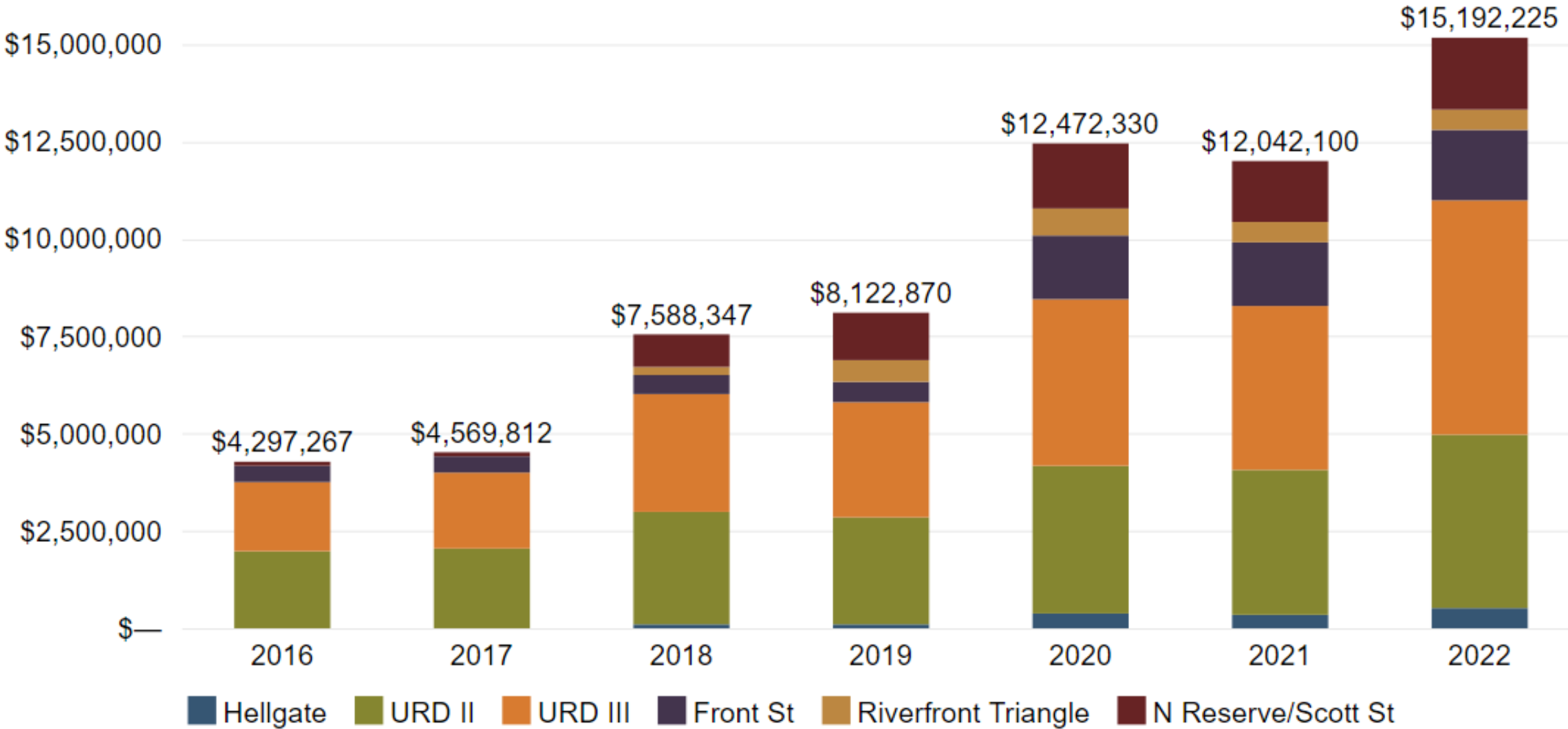


TIF Districts and Non-TIF Tax Base

Growth in Value



Tax Increment District Trends

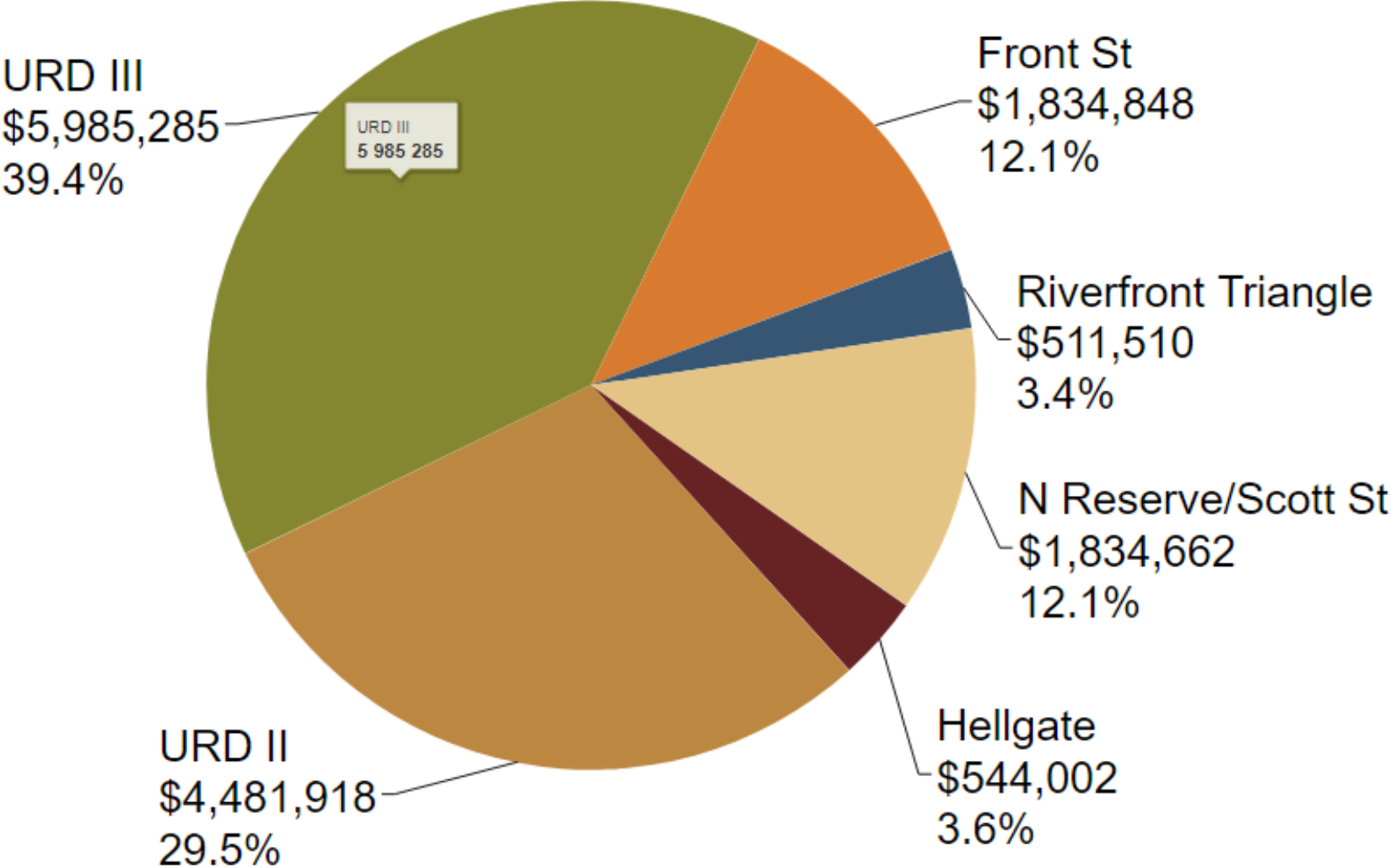


Remittance of Tax Increment

Amount exceeding 9% will be remitted to taxing jurisdictions

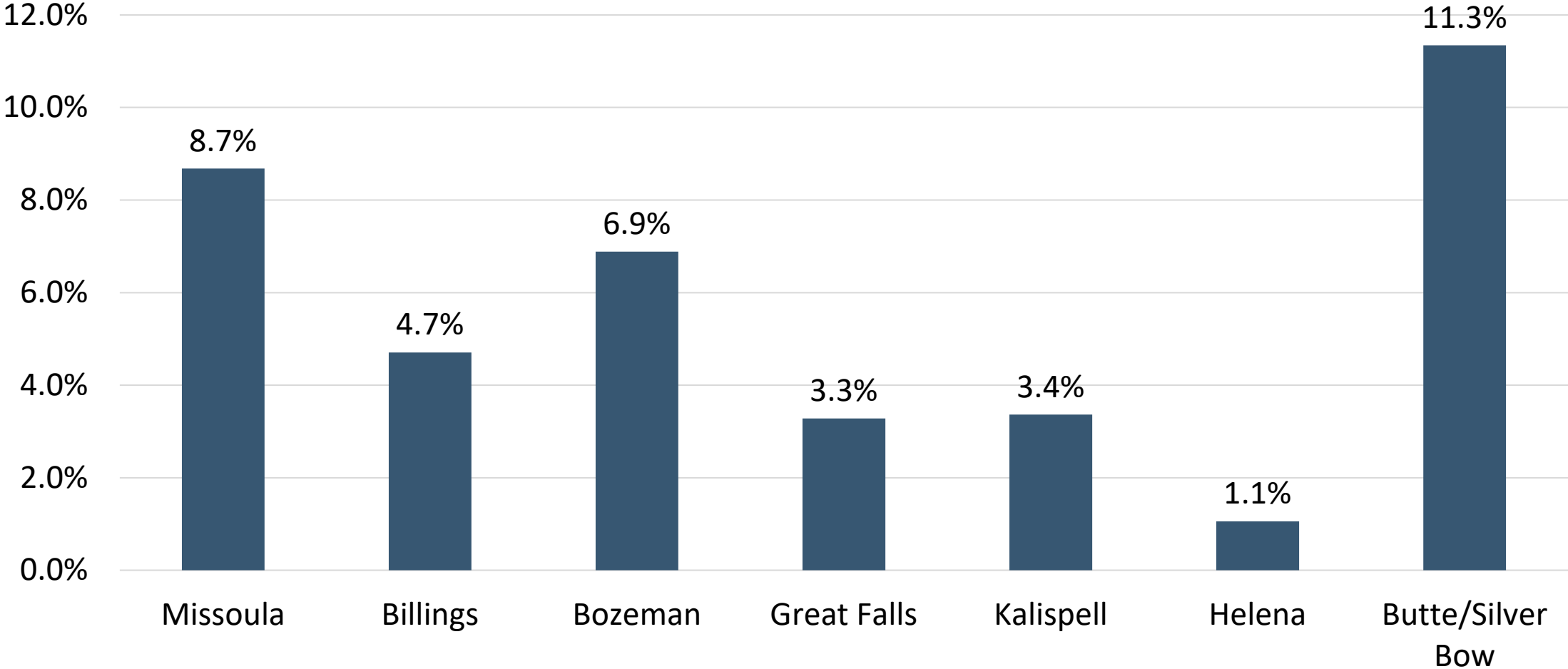
- MRA determines source of remittance funds based on several factors:
 - Debt service requirements and bond covenants
 - Life cycle of each district
 - TIF revenues in each district
 - Priority projects in each district
 - Other relevant factors
- Remittance is proportional to each taxing jurisdictions mill levies
- Remittance on each 1% of Incremental Value over limitation:
 - Total Remittance = \$1.6M per 1%
 - City pro rata share = \$429K

Urban Renewal District Values



Peer City Comparisons

Tax Increment Value as % of Total Taxable Value



Potential Remittance based on Upcoming Projects

Potential new projects that accomplish City goals

Riverfront Triangle	\$ 2,278,487
Scott St Area Housing Projects	\$ 519,898
Total Estimated New Taxable Value	\$ 2,798,385
Total Incremental Value	\$17,990,610
Total Taxable Value	\$177,843,571

Incremental Value Cap %	9%	10%
Incremental Value Cap \$	\$16,005,921	\$17,784,357
New Taxable Value Over Cap	\$1,984,689	\$206,253
Remittance - Property Tax on Taxable Value Over Cap	\$1,773,954	\$184,353
City Remittance	\$464,893	\$48,313
Remittance as % of URD III revenues	33.2%	3.4%

Projected Taxable and Increment Values

	2023	2024	2025	2026	2027
Total Taxable Value	175,526,560	200,082,726	200,632,954	228,701,504	229,330,433
Percentage Change in Taxable Value	0.28%	13.99%	0.28%	13.99%	0.27%
Total Incremental Taxable Value	15,464,925	22,978,817	23,391,287	34,756,334	35,380,210
% Change in Increment Value	1.79%	24.29%	1.80%	24.29%	1.79%
% Incremental Value over Total Taxable Value	8.8%	11.5%	11.7%	15.2%	15.4%
Total MRA Revenues	13,822,860	20,538,926	20,907,600	31,065,906	31,623,539

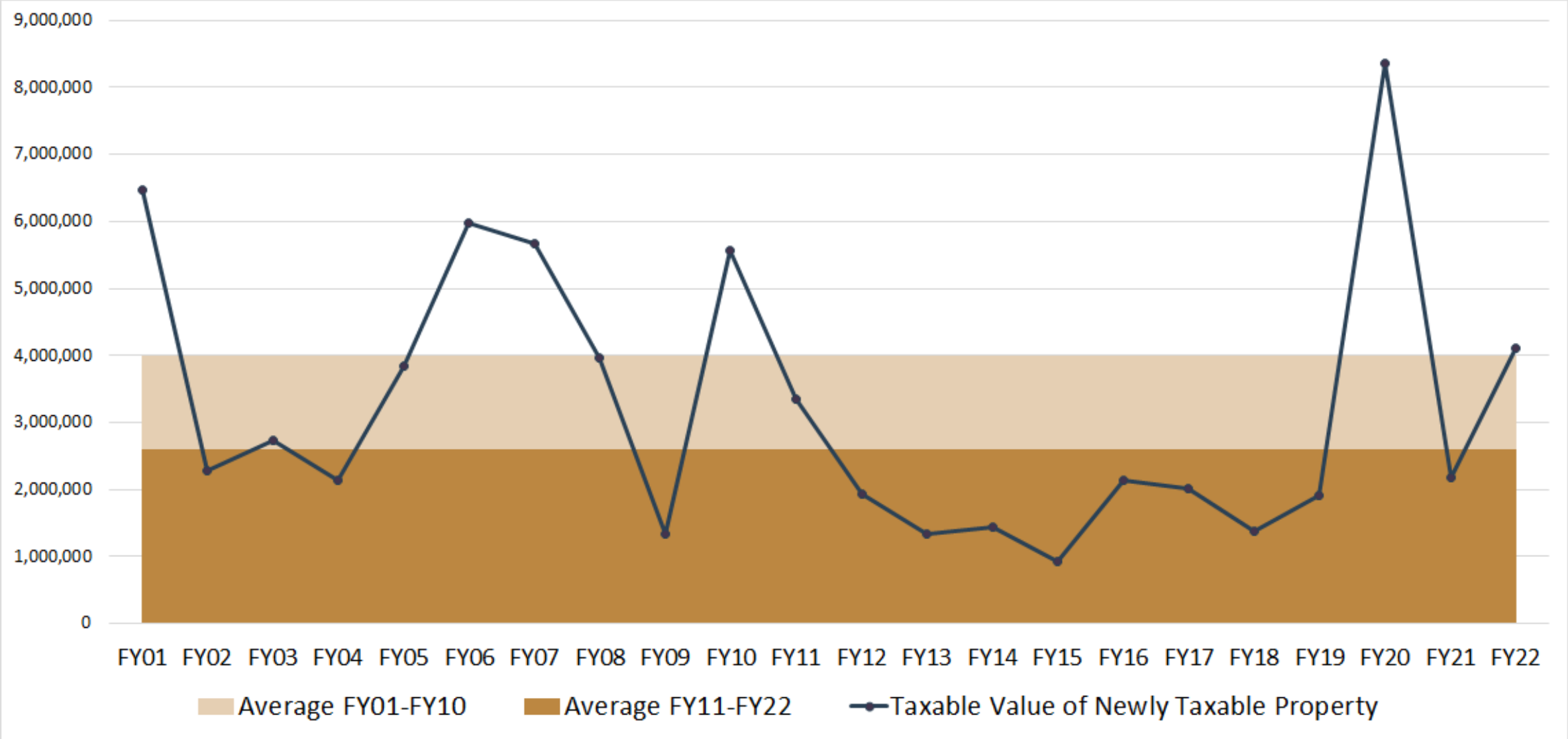
	2023	2024	2025	2026	2027
Incremental Value Cap at 9%	15,797,390	18,007,445	18,056,966	20,583,135	20,639,739
Incremental Value Cap at 10%	17,552,656	20,008,273	20,063,295	22,870,150	22,933,043
Remittance - Property Tax on Taxable Value Over Cap at 9%	—	4,443,512	4,767,923	12,668,288	13,175,328
Remittance - Property Tax on Taxable Value Over Cap at 10%	—	2,655,132	2,974,625	10,624,108	11,125,526
Remittance to City Cap at 9%	—	1,164,494	1,249,511	3,319,930	3,452,808
Remittance to City Cap at 10%	—	695,820	779,549	2,784,220	2,915,624
MRA Annual Incremental Revenue at Cap at 9%	14,120,024	16,095,415	16,139,677	18,397,618	18,448,211
MRA Annual Incremental Revenue at Cap at 10%	15,688,915	17,883,794	17,932,975	20,441,798	20,498,013
Remittance as % of URD III revenues at 9%		54.9%	57.9%	103.5%	105.8%
Remittance as % of URD III revenues at 10%		32.8%	36.1%	86.8%	89.3%

Taxable and increment value projections are estimates based on past property tax trends and two-year Department of Revenue reappraisal cycle.

General Fund Projections

	2023	2024	2025	2026	2027
General Fund Property Tax Revenues	\$29,318,443	\$29,591,105	\$29,866,302	\$30,144,059	\$30,424,398
General Fund Tax Growth - 1/2 of inflation	\$270,149	\$272,662	\$275,197	\$277,757	\$280,340
Prop Tax Revenue from Newly Taxable	\$584,143	\$584,143	\$584,143	\$584,143	\$584,143
General fund tax growth (dollars)	\$854,292	\$862,237	\$870,256	\$878,349	\$886,518
General fund tax growth (percent)	3.0%	3.0%	2.9%	2.9%	2.8%

Value of Newly Taxable Property



Next Steps

9/8 – A&F Committee – refer setting public hearing

9/13 – City Council – set public hearing

9/15 – A&F Committee – presentation on estimated impacts of ordinance

9/20 – City Council – public hearing opens

9/27 – City Council – public hearing closes and final consideration