

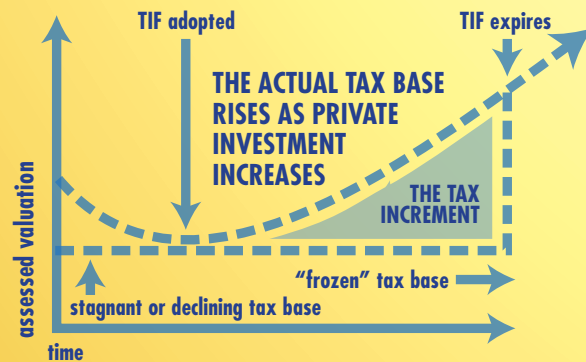
## HOW ARE TAX INCREMENT FUNDS COLLECTED?

The pre-district assessed value of an urban renewal district is determined based on the last tax roll prior to the creation of the district. An example of how tax increment financing works: Suppose a property that is located within a tax increment financing district generates \$1,000 in taxes annually. If that property is improved so that it now generates \$1,500 in property taxes annually, the \$500 increase (known as the tax increment) goes into a special fund to be used for redevelopment projects within the district. Tax increment financing is not an additional tax, even though it may show up on tax bills as part of an itemized list of how tax funds are allocated.

Each taxing jurisdiction (city, county, school district, etc.) continues to receive its share of the taxes collected based on the original assessed value (not including any increment), just as though the district had not been created. The tax revenue received as increment is then managed by MRA for redevelopment projects.

When the district expires or "sunset", taxing jurisdictions enjoy the benefit of increased property values that likely would not have occurred had the district been left to develop without the use of TIF.

A full description of Urban Renewal Law may be found in Title 7, Chapter 15, Parts 42 & 43 of Montana Code Annotated.



out to lunch



california street bridge



mobash skatepark



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who we are  
 what we do  
 how we work  
 why it matters



headquarters building



## WHAT IS MRA?

The Missoula Redevelopment Agency is a public agency that operates in accordance with state law to revitalize Missoula's Urban Renewal Districts. MRA partners with public and private entities to help improve economic vitality, create jobs and encourage investment in the districts. MRA also invests in public improvements like parks, trails, streets and sidewalks.

## WHAT IS AN URBAN RENEWAL DISTRICT?

An urban renewal district is an area deemed blighted by the City Council where economic growth has been impaired and there is a lack of public and private investment. Missoula's first urban renewal district was created downtown in 1978. As a result of MRA's success in revitalizing that area, subsequent districts have been formed in other parts of the City.

## WHAT DOES BLIGHTED MEAN?

The term blight refers to conditions that substantially impair the sound growth of the City and have a negative effect on the provision of housing, commercial development, traffic circulation, and social and economic vitality. A few examples of conditions that can determine the need for redevelopment and rehabilitation of a blighted area are:

- buildings with physical dilapidation, deterioration or defective construction;
- inadequate ventilation, light, sanitary facilities or open spaces;
- inappropriate mix of land use and buildings;
- defective or inadequate street layout;
- faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- defective or unusual conditions of title;
- improper subdivision or obsolete platting;
- existence of conditions that endanger life or property by fire or other causes.

## WHERE DOES MRA OBTAIN ITS RESOURCES?

MRA is funded primarily through tax increment which is the new tax revenue resulting from construction and development within the districts. MRA has also obtained private, state and federal grants to finance redevelopment activity.



public art - *Returns*



1101 south 3rd street west



## HOW CAN MRA ASSIST A PROJECT IN AN URBAN RENEWAL DISTRICT?

MRA can use tax increment funds to finance public and private redevelopment activities that have public benefit including: demolition, site preparation, environmental clean-up; construction of streets, alleys, curbs, gutters, sidewalks, parks, bicycle/pedestrian ways, parking facilities, and public buildings; and utility upgrades and extensions.

## HOW DOES MRA OBTAIN PROJECT IDEAS?

MRA is both proactive and reactive. It obtains project ideas from a variety of sources including the public, private developers, other government agencies and departments, and the MRA Board and Staff. MRA is governed by a five-member Board of Commissioners who are appointed by the Mayor and approved by the City Council. The Board must approve all projects that receive funds from the MRA.



millenium building

## WHAT IS TAX INCREMENT FINANCING?

Tax increment financing (TIF) is a redevelopment tool that allows cities, through creation of special districts, to make public improvements within those districts that will improve the quality of life as well as generate private-sector investment. At the creation of an urban renewal district, the tax base is "frozen" at the pre-district level. Property taxes continue to be paid, but taxes derived from increases in assessed values (the tax increment) resulting from new development are reinvested in the district to leverage future growth.

Montana State Law requires that urban renewal districts expire 15 years following their adoption unless there are outstanding bonds for which tax increment has been pledged. In that case, the district must continue to exist until the bonds are paid off.