

CITY OF HAMILTON
NORTH HAMILTON URBAN RENEWAL DISTRICT
Fact Sheet - February 20, 2018

- 1. Will the creation of a URD increase my taxes?** No. A URD is not a “taxing district.” Montana law identifies it as a “program for utilizing appropriate private and public resources to eliminate and prevent the development or spread of blighted areas.” MCA 7-15-4209. The City will prepare, adopt, and revise from time to time a plan for the district, with consideration for the county and school districts that include municipal territory. Only taxes on new development—which will be paid by the landowner whether or not a district is created—will be directed into the district
- 2. Will creation of a URD hurt funding for the Hamilton Schools?** The City does not intend to create a URD that negatively affects school funding but is seeking School District input throughout the process to ensure this does not happen. School Board of Trustees Chairman Dave Bedey has been kept up-to-date about the start of this process and the City will continue to involve the School District going forward.
- 3. Does creation of a URD guarantee that certain public improvements will be made?** No. The City Council will retain control over any funds directed into the District to decide if and when sufficient funds exist to make a needed improvement. Revenue from a URD can be used to directly fund projects and programs and to leverage additional funding for projects through grants or private donations. It can also be used to retire debt owed to other funding sources or to operate a revolving loan fund to provide financing to property owners within the district to make improvements to private infrastructure. It is not the intent of this project to create any debt for the City but instead to create a program that allows funds in the District to accrue until a project can be paid for either directly or through a combination of the above funding sources.
- 4. If the URD is created in 2018, can the City predict how much tax increment will accrue?** There is no way to exactly calculate the amount because development has to occur and the Montana Department of Revenue has to assess any improvements made and determine any corresponding increase in property tax values. A general guideline based on other districts in Montana is that \$2 million of new improvements to a property will generate between \$10,000 to \$12,000 in increased property tax. Based on this calculation, the City can estimate possible increased tax revenue.
- 5. What is the cost to City taxpayers to create a URD?** Costs to create a URD are fairly minimal, consisting of costs to publish notice of hearings, mail information to property owners, and the time to conduct public hearings and prepare a proposed plan for the district. Ravalli County Economic Development Authority (RCEDA) receives some funding from the City each year to assist with such projects and is providing resources to assist with the project. City staff (City Attorney, Chief of Police, and Public Works Director) have been assigned by the Mayor to provide input and make sure the impacts on City services are considered. There is no obligation for the City to pay any other City funds to create a URD.

- 6. Will the URD direct funds from the general fund and create budget shortfalls for City departments such as police, fire, and public works?** If a URD is created, only the property tax revenue from new development will be paid into the district. The base tax amount already received by the City and the other taxing jurisdictions will not decrease during the term of the URD. When the URD ends, the City general fund and all the other taxing jurisdictions will again receive their proportional share of the tax revenue from that point forward. While the URD creates a period of time that the City general fund does not receive tax revenue increases from new development, this redirection of the tax is offset by the fact that the City retains almost all of the property tax revenue from new development in the URD—in other words, the City could receive 94% of the increased property tax revenue rather than the approximately 33% it normally receives.