

Redevelopment Tax Incentives offered by the City of Kalispell

It's the City's intent to offer programs that will encourage the revitalization of properties that will shorten the stagnation period and provide property owners the opportunity to recoup some of their expenditures through property appreciation and increased business.

Property Tax Benefits may be available to property owners whose taxable value increased **due to remodeling, reconstruction or expansion**. This is provided under Montana Code Annotated (MCA) Title 15, Chapter 24, Special Property Tax Applications Part 15, Remodeling of Buildings and Structures and Part 16, Historic Structures, to assist and encourage the redevelopment of historically significant buildings, blighted building and buildings in economically declining areas as follows:

- A property's taxable value is adjusted based upon its increase in taxable value after remodel, reconstruction or expansion.
- Property Tax Exemption is phased over a five year period.
- Phased amounts are set at 20 percent per year until it reaches 100 percent.
- The program is administered through the Montana Department of Revenue.

Residential Tax Benefits for remodeling, reconstruction or expansion of buildings or structures subject to Montana Code 15-24-1501 summarized below:

- Increases taxable value by at least 2 ½% determined by the Department of Revenue.
- May receive tax benefits up to 5 years.
- Subject to a schedule of percentages and are limited to the increase in taxable value.
- Governing body approves project use of the schedule by Resolution.

Commercial Tax exemption and abatement for remodeling, reconstruction, or expansion of certain commercial property: Subject to Montana Code 15-24-1502 summarized below:

- Increases taxable value by at least 5%.
- May receive property tax exemption during construction not to exceed 12 months and up to 5 years following completion of construction.
- Property tax exemption limited to 100% of increase in taxable value.
- In addition to property tax exemption, project may receive property tax reduction for 4 years following exemption period and percentages applied to the increase in taxable value by specific schedule.
- Mill levies assessed against reduced taxable value of remodeling, reconstruction or expansion.
- Governing body approves by Resolution each project.
- Property tax benefits may not be granted if property taxes on buildings or structures are delinquent.

Historic Property Tax Abatement: A historic property undergoing rehabilitation, restoration, expansion, or new construction is subject to Montana Code 15-10-420 summarized below:

- Property undergoing rehabilitation, restoration, expansion, or new construction must meet criteria established by review process described in Montana Code 15-24-1605 or 15-24-1606.
- Receipt of tax abatement not to exceed 12 months during construction and for up to 5 years following completion of construction.
- Tax abatement limited to 100% of increase in taxable value.
- Use of tax abatement provisions shall be established by Resolution.
- Property that receives tax benefit is not entitled to any other exemption or special valuation provided by Montana law during abatement period
- The tax abatement applies only to the number of mills levied: for high school and elementary school district purposes; and local governing body approving the abatement.
- The abatement may not apply to statewide levies.

Historic Property Eligibility: A property that meets the design review criteria in 15-24-1605 is eligible for the property tax abatement if it is:

- Located within the boundaries of a national register historic district and contributes to the district as determined by the state historic preservation office;
- A newly constructed property within the boundaries of a national register historic district that meets design review criteria, as determined by local review board or state historic preservation office: or
- Listed individually in the National Register of Historic Places.

Further information regarding redevelopment incentives may be obtained from the City of Kalispell's Community Development Department. 406-758-7740