

City of Kalispell
Old School Station
Tax Increment Financing Application Process

IMPORTANT: The material included below outlines the Tax Increment Financing application process and the responsibilities of the Applicant and the City of Kalispell. Please review this information carefully before submitting the application forms or finalizing your development plans.

Failure to receive approval of a completed application BEFORE acquisition of property and or construction begins may affect the Applicant's eligibility for Tax Increment Finance assistance from the City of Kalispell.

INTRODUCTION

Tax Increment Financing (TIF) is an important element of economic development in the City of Kalispell as a means to finance development activities. The TIF program operates by first establishing a base year taxable value for all properties within the designated boundary. In the case of Old School Station the base year is 2005. Property taxes from that district continue to be paid to all taxing jurisdictions on the basis of the 2005 base year valuation. All increases in property taxes in the District above this base valuation due to new development or reappraisals are assigned to the City of Kalispell to be used to finance eligible activities with Old School Station. Pursuant to Montana Code Annotated, Title 7, Chapter 15, Part 42, as amended (the "TIF Act"), the City of Kalispell has established two Tax Increment Finance districts at Old School Station: the Industrial TIF District and the Technology TIF District.

The Industrial TIF District. By Resolution No. 5070, adopted October 17, 2005 (the "Industrial TIF Intent Resolution"), the Kalispell City Council declared its intention to establish the Industrial TIF District for the purpose of providing a financial mechanism to provide the necessary infrastructure support to encourage the growth of secondary, value-adding industries in the City.

The tenants of an industrial district must be manufacturers as defined by the Standard Industrial Classification 20-39 or the North American Industrial Classification System (NAICS); must be value-added industries, with at least 50% of its sales to other Montana companies that have 50% of their sales occurring outside of Montana.

The Technology TIF District. By Resolution No. 5071, adopted October 17, 2005 (the "Technology TIF Intent Resolution"), the Kalispell City Council declared its intention to establish the Technology TIF District for the purpose of assisting in financing necessary industrial infrastructure to encourage the location and retention of technology development projects in the City.

The tenants of a technology district must be businesses or organizations engaged in technology-based operations within Montana that through the employment of knowledge or labor add value to a product, process or export service that results in the creation of new wealth and for which at least 50% of the sales of the business or organization occur outside of Montana; or the business or organization is a manufacturing company with at least 50% of its sales to other Montana companies that have 50% of their sales occurring outside of Montana.

Applications for TIF assistance in Old School Station are subject to program eligibility analysis and project review criteria listed below. In addition, project applications will be accepted and processed in the order in which they are received and approved based on the availability of funds.

ELIGIBLE ACTIVITIES

The Industrial District and the Technology District are both located within the boundaries of the District. Pursuant to Section 7-15-4290 of the TIF Act, the City may pledge tax increment derived from the Industrial District or the Technology District to the payment of special assessment bonds issued to pay industrial and technology district costs. Eligible costs to be paid by the City with tax increments include public improvements authorized to be made pursuant to the Special Improvement District (SID) Act. Certain tax increment revenues derived from the Technology District and the Industrial District will be available, to the extent provided herein, for the payment of and pledged to the cost of the Improvements or paying on the Bonds (as more fully described below).

APPLICATION PROCESS

Anyone seeking TIF assistance from the City of Kalispell must submit a written application. The following procedure has been developed to expedite the review of TIF funding requests:

1. Initial Contact. Contact the City of Kalispell, Community and Economic Development Department, 201 First Avenue East, to discuss the project and determine eligibility for TIF assistance.
2. Complete an Application. The Applicant must prepare an application for each funding request. Community and Economic Development (CED) Department staff will assist the Applicant in preparing an application. For all TIF requests the Applicant must complete a “Developer’s Statement of Qualification and Financial Responsibility” which includes submittal of personal financial statements.
3. Staff Review. Upon submittal of all necessary information, CED staff will review the merits of the project and the need for funding. At any point in the review process the staff may request more information of the Applicant or solicit comment on the project from other public agencies. Items included in personal financial statements will not be subject to public review or presentation to or comment by other agencies.
4. Incentive Agreement. If TIF assistance is approved, the City of Kalispell and the Applicant must execute a legally binding Incentive Agreement which establishes the terms and conditions of the start and completion of the project and may require the Applicant to

guarantee repayment of TIF assistance if the terms of the Agreement are violated by the Applicant.

IMPORTANT NOTE: Costs to be paid with TIF monies may not be incurred by the Applicant prior to funding approval and the satisfaction of any conditions of such approval.

PROJECT CRITERIA FOR REVIEW

Materials contained in TIF applications are used to assess the merits of projects in relation to the goals and objectives of the Old School Station plan. To measure the public benefit derived from the project, the City evaluates projects based on the following criteria. Each project is judged on its own merit; therefore, no weight is given to any of the criteria. However, the first six criteria are the most important in evaluating projects.

1. Economic Stimulus-The amount of economic activity to be generated by the project is assessed, as well as the leverage ratio of public to private investment. In general, the limit of participation in any one project is 10% of the construction/rehabilitation costs, exclusive of acquisition cost. Projects clearly demonstrating extraordinary benefit to Old School Station or the community may, at the discretion of the City, receive additional TIF assistance for eligible items. All applications should contain credible, measurable information substantiating the project's economic stimulus in Old School Station and the community.
2. Tax Generation-The increase in taxable value due to new construction/rehabilitation is estimated by the City to determine tax increment generation.
3. Employment Generation-Total employment generated by the project assessed in terms of new permanent and part-time jobs, wage levels and benefits provided.
4. Impact Assessment-The extent of both positive and negative environmental impacts, appropriateness of the project design, and impact on existing businesses.
5. Financial Assistance-Other forms of financing available to the Applicant. Lender participation, industrial development revenue bonds, and state and federal grant monies, for example, are examined to assess the need for TIF assistance.
6. Developer Ability to Perform-An assessment of the Applicant's capability to undertake the relative complexities of the project based on past performance on similar projects.
7. Timely Completion-The feasibility of completing the project according to the Applicant's project schedule.
8. Payment of Taxes-All property taxes, special improvement district assessments, and other assessments on the project property must be paid to date.

**City of Kalispell
Old School Station
Tax Increment Financing (TIF) Application**

Project Name: _____ Date Submitted: _____

CONTACT INFORMATION

Name and title: _____

Business name: _____

Phone number: _____

Email address: _____

APPLICANT INFORMATION

1. Business name: _____

2. Address: _____

3. Telephone number: _____

PROJECT INFORMATION

1. Property address: _____

2. Ownership: _____

Address: _____

3. If property is not owned by the Applicant, list leasehold interests: (Attach evidentiary materials.)

Name: _____

Address: _____

4. Existing/proposed businesses: _____

Business description: _____

Employment: Number of retained positions: _____ FTE _____ PTE _____

Number of new positions to be created: _____ FTE _____ PTE _____

Average starting wage \$ _____ Hour Average wage \$ _____ Hour

Attach an Excel spreadsheet briefly listing and describing the job classifications with the average wage noted by each job classification. Provide a ramp-up schedule of when the positions are anticipated to be created and filled.

Provide a synopsis of the fringe benefits provided to employees.

5. Architectural firm: _____

Address: _____

Contact: _____

6. Description of project: (Attach narrative explanation.)

7. Rehabilitation/construction plans: (Attach narrative explanation.)

8. Project schedule: (Attach time line or schedule through completion.)

PROJECT COSTS

1. Lot # \$ _____

2. Facility \$ _____

3. Landscaping \$ _____

4. Equipment \$ _____

5. Other \$ _____

Project Development Costs \$ _____

PROJECT FINANCING

Please complete Sources of Funds detail and summary below.

Developer Equity

Cash Invested \$ _____

Land & Buildings \$ _____

Other (Specify) _____ \$ _____

_____ \$ _____

Subtotal \$ _____

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	Payment/Period
_____	\$ _____	_____ %	_____ yrs	\$ _____/Month
_____	\$ _____	_____ %	_____ yrs	\$ _____/Month
Total Loan Amount				\$ _____

TIF Request

Eligible activity _____

Amount requested _____

**DEVELOPER'S STATEMENT OF QUALIFICATION
AND FINANCIAL RESPONSIBILITY**

Applicant

1. Name: _____

Address: _____

2. If the Applicant is not an individual doing business under his/her own name, the applicant has the status indicated below and is organized or operating under the laws of _____.

_____ A corporation

_____ A nonprofit or charitable institution or corporation

_____ A partnership known as _____

_____ Other (Explain) _____

Date of organization: _____

3. Names, addresses, position titles, and nature and extent of the interest of the officers and principal members, principal shareholders, investors, or partners of the Applicant:

Name and Address

Nature and Extent of Interest

Financial Condition

1. Provide a current financial statement for each private entity involved in the project. Documentation of financial capacity may include net worth statements, balance sheets, or profit and loss statements. (This information will be kept confidential, subject to challenge in a court of law.)
2. Has the Applicant or any individual or entity affiliated with the development of this project been adjudged bankrupt, either voluntarily or involuntarily, within the past ten years?

No ____ Yes ____ if yes, list date, place, and under what name: _____

3. Has the Applicant or any individual or entity affiliated with the development of this project been indicted for or convicted of any felony within the past 10 year?

No ____ Yes ____ if yes, list the date, charge, place, court and action taken for each case:

CONSTRUCTION CONTRACTOR

1. Identify the construction contractor or builder who will undertake this project:

Name: _____

Address: _____

2. Has such contractor or builder ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract within the last 10 years? No ____ Yes ____ If yes, explain:

CERTIFICATION

I (we), _____ (please print),

Certify that the statements and estimates within this Application as well as any and all documentation submitted as attachments to this Application under separate cover are true and correct to the best of my (our) knowledge and belief.

Name _____ Name _____

Signature _____ Signature _____

Title _____ Title _____

Address _____ Address _____

Date _____ Date _____

Return to:

City of Kalispell

Community & Economic Development Department

201 1st Avenue East

Kalispell, MT 59901

406-758-7740

comdev@kalispell.com