

Unofficial Draft Copy

As of: August 23, 2016 (1:12pm)

LCtif5

**** Bill No. ****

Introduced By *****

By Request of the *****

A Bill for an Act entitled: "An Act amending reporting requirements related to tax increment financing; requiring local government annual financial reports to include information on the financial activities of districts using tax increment financing; requiring a local government that approves tax increment financing to prepare an annual report; amending sections 2-7-503 and 7-15-4282, MCA;."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 2-7-503, MCA, is amended to read:

"2-7-503. Financial reports and audits of local government entities. (1) The governing body or managing or executive officer of a local government entity, other than a school district or associated cooperative, shall ensure that a financial report is made every year. A school district or associated cooperative shall comply with the provisions of 20-9-213. The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed and submitted to the department for review within 6 months of the end of the reporting period. The financial report of a local government that has authorized the use of tax increment financing pursuant to 7-15-4282 must include a report of the financial activities related

to the tax increment financing provision.

(2) The department shall prescribe a uniform reporting system for all local government entities subject to financial reporting requirements, other than school districts. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

(3) (a) The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$500,000, regardless of the source of revenue or financial assistance, shall cause an audit to be made at least every 2 years. The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year of the audit period. The audit must be completed and submitted to the department for review within 1 year from the close of the last fiscal year covered by the audit.

(b) The governing body or managing or executive officer of a local government entity that does not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the department, or, in the case of a school district, if directed by the department at the request of the superintendent of public instruction, cause a financial review, as defined by department rule, to be conducted of the financial statements of the entity for the preceding fiscal year.

(4) An audit conducted in accordance with this part is in lieu of any financial or financial and compliance audit of an individual financial assistance program that a local government

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is required to conduct under any other state or federal law or regulation. If an audit conducted pursuant to this part provides a state agency with the information that it requires to carry out its responsibilities under state or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its own audits or reviews in order to avoid a duplication of effort.

(5) In addition to the audits required by this section, the department may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to the extent practicable, build upon audits performed pursuant to this part.

(6) The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the department.

(7) Failure to comply with the provisions of this section subjects the local government entity to the penalties provided in 2-7-517."

{*Internal References to 2-7-503:*

2-7-506x	2-7-514x	2-7-514x	2-7-514x
2-7-517	2-7-517x	2-7-517x	2-7-517x
2-7-517x	2-7-517x	7-6-611x	7-6-611x
19-18-205x	20-9-203x	20-9-213x	20-9-235x
85-7-1616x	85-7-1913x		

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Section 2. Section 7-15-4282, MCA, is amended to read:

"7-15-4282. Authorization for tax increment financing. (1)

An urban renewal plan as defined in 7-15-4206 or a targeted economic development district comprehensive development plan created as provided in 7-15-4279 may contain a provision or be amended to contain a provision for the segregation and application of tax increments as provided in 7-15-4282 through 7-15-4294.

(2) The tax increment financing provision must take into account the effect on the county and school districts that include local government territory.

(3) The local governing body of an urban renewal district or targeted economic development district that authorizes a tax increment financing provision must prepare an annual report that meets the requirements of 7-15-4237. If urban renewal powers are assigned to an urban renewal agency as provided in 7-15-4232, the urban renewal agency is required to prepare the annual report as provided in 7-15-4237."

{*Internal References to 7-15-4282:*
7-15-4279 *x 7-15-4282 *x
7-15-4283 *x 7-15-4283 *x
7-15-4286 *x 7-15-4291 *x
7-15-4301 *x 7-15-4324 *x }

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