

RESOLUTION NO. 2017-012

A RESOLUTION ESTABLISHING THE POLICY OF THE CITY OF POLSON THAT THE CITY SHALL REQUIRE AN AGREEMENT OF PAYMENT IN LIEU OF CITY TAXES (PILT) BETWEEN THE CITY OF POLSON AND ANY ENTITY RECEIVING A TAX EXEMPT STATUS FROM THE STATE OF MONTANA WHEN THAT ENTITY COMPETES DIRECTLY WITH LOCAL PROPERTY TAXPAYING ENTITIES AND SEEKS SERVICES FROM THE CITY OF POLSON REQUIRING A BUILDING PERMIT FOR NEW CONSTRUCTION THAT CREATES ADDITIONAL ENCLOSED SPACE.

WHEREAS, the City of Polson provides services to the public, which services include fire and police protection, amenities such as parks and recreation and other general public services; and

WHEREAS, the City of Polson is only able to provide these valuable services through the receipt of property tax revenues paid by City residents whose property is taxed; and

WHEREAS, certain entities that own property in the City of Polson and receive the valuable services of the City of Polson may apply for and receive a tax-exempt status from the State of Montana Department of Revenue, in which case all property taxes, including city taxes (not special assessments) are abated on the theory that the community receives benefits from the entity that are equal to or greater than the tax revenue otherwise generated by the entity; and

WHEREAS, certain entities that own property in the City of Polson and have property taxes abated compete in the local market directly with entities that pay city property taxes and therefore pay for the services provided by the City and it is therefore the finding of the City Commission of Polson that this presents an undue advantage to the entity; and

WHEREAS, the City of Polson is currently significantly challenged to continue to provide an adequate level of services to its taxpayers, partly as a result of the number of entities that have applied for and received tax exempt status although the City continues to provide its valuable services to these entities; and

WHEREAS, the City Commission of the City of Polson finds that it is in the best interest of the City, its taxpayers and citizens that entities, otherwise exempt from paying city property taxes, and that compete in the local market with taxpaying entities and that receive and benefit from the valuable services provided by the City make reasonable payment to the City of Polson in the form of payment in lieu of City taxes; and

WHEREAS, the City Commission further finds that the necessary consideration triggering this requirement shall be upon the application of the for a building permit from the City for new construction that creates additional enclosed space.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF POLSON, AS FOLLOWS:

SECTION I. That it shall hereby be the policy of the City of Polson to require an agreement of Payment in Lieu of City Taxes (PILT) between the City of Polson and any entity receiving a tax exempt status from the State of Montana that competes in the local market with taxpaying entities when that entity receives substantial valuable services from the City of Polson.

SECTION II. That at such time as a tax-exempt entity applies to the City of Polson Planning Department for a building permit for new construction that creates additional enclosed space, the City Manager shall negotiate a PILT agreement with that entity for the City of Polson. The Planning Department shall prepare a cost of services analysis which shall include an estimate of the City taxes and assessments the nongovernmental entity would otherwise pay if it were not tax exempt as well as a reasonable annual estimate of the cost of services the City provides to the property.

SECTION III. Upon reaching a tentative PILT agreement with the entity the City Manager shall provide such agreement and cost of services analysis to the City Commission meeting for review and approval by the City Commission.

PASSED AND APPROVED BY THE CITY COMMISSION AND SIGNED BY THE MAYOR OF THE CITY OF POLSON, THIS 15th DAY OF MAY, 2017.

Heather Knutson, Mayor

ATTEST:

Cora E. Pritt
City Clerk