

Community District Financial Opportunities

Special Taxing Districts or Targeted Assessments

A community can establish a targeted assessment process, which limits the assessment and expenditure to a specific geographic area. The following tools can be used to finance projects within the plan area.

Special Improvement Districts

A Special Improvement District is established to assess properties for funds that target a specific purpose. Examples include infrastructure improvements and maintenance of infrastructure.

Tourism Business Improvement District

A Tourism Business Improvement District is a designated area where local businesses collectively raise funds to support marketing and promotional efforts aimed at attracting more visitors. This is typically done through a bed tax on lodging establishments, such as hotels and motels. The funds are then used to promote tourism in a coordinated and strategic way, ultimately benefiting the businesses that contribute to the district.

Tax Increment Finance District

Tax Increment Financing is a redevelopment tool that allows communities to reinvest new tax revenues in specific areas. Communities can lend against future tax revenues to stimulate redevelopment.

Targeted Economic Development Districts

TEDDs are a type of Tax Increment Financing used to improve infrastructure in areas lacking development. These are typically used in areas outside of core city services.

Resort Community Tax

A Resort Community Tax is a local option sales tax that can be imposed in qualifying resort communities with populations under 5,500 to fund local services and improvements. These taxes can provide a dedicated funding source for community services like transportation. The tax is applied to specific businesses, such as lodging, restaurants and recreational facilities.

Downtown District Funding

Urban Renewal District

An Urban Renewal District is a tool that helps cities reinvest locally generated tax revenue to support new investment and development. Taxes on businesses within the district build a fund that can be used for redevelopment projects and community enhancements that may not occur with private development alone. This directly benefits the businesses that pay the taxes and residents that use the new infrastructure, strengthening the community that it serves.

Business Improvement Districts

A Business Improvement District collects funds from a special assessment on commercial properties within the district area. The funds are used for special projects that benefit the property owners inside the district. Examples of Business Improvement District expenditures include maintenance and downtown beautification projects.

Downtown Business Association

A Downtown Business Association can support the efforts of a downtown revitalization program. Businesses pay a membership fee, which is invested in projects that improve downtown. Examples of expenditures include promotions and organizational costs.

Historic Districts

Historic Districts are designated areas that possess a unique cultural, architectural or historical significance. They are protected by special regulations that require properties within these districts to maintain their original character and appearance. The designation process involves evaluation, nomination and approval by local governments or preservation organizations. This designation does not specifically provide additional funding but contributes to eligibility for Historic Preservation Tax Incentives.

The [Montana State Historic Preservation Office](#) administers the [Federal Historic Preservation Tax Credit](#) at the state level and is the liaison between applicants and the federal government. This tax credit equals 20% of the applicant's rehab investment in their historic income-producing building. The State of Montana offers a state tax credit equal to 5% of the applicant's rehab investment.