

# Hamilton PUBLIC SCHOOLS

Hamilton School District #3 • 217 Daly Avenue • Hamilton, Montana 59840-2827

September 22, 2015

Ravalli County Board of Commissioners  
215 South 4<sup>th</sup> Street  
Hamilton, Montana 59840

Dear Commissioners,

This letter provides the Hamilton School District's assessment of the pending designation of the "East Ravalli County, Ravalli County Airport" area as a targeted economic development district (TEDD). Terry Nelson (Ravalli County Planning Department Administrator) and Julie Foster (Executive Director of the Ravalli County Economic Development Authority) provided the School Board with valuable information on the nature of a TEDD and on tax increment financing, which was of great help as we considered this matter.

While tax increment financing is in effect (a period of at least 15 years but perhaps as many as 40 years), Hamilton School District taxpayers will not receive the full benefit of development-related increases to the tax base. However, economic development driven by the TEDD but occurring outside of its boundaries will likely broaden the tax base enough to offset operating budget increases caused by the enrollment of additional students. The main risk to the District is the possible need to build or renovate a school in response to development-driven enrollment increases. Should this happen, District taxpayers outside the TEDD would bear the entire burden of providing additional school infrastructure, unless the Commissioners take action to provide part of the tax increment to support this purpose. The severity and timing of this potential problem will depend upon the rate of economic development (inside and outside the TEDD) along with when and how quickly enrollment increases occur.

After the expiration of tax increment financing, the net effect of the TEDD on the Hamilton School District should be positive. Tax relief generated by an increase in the District's taxable valuation (both on property within the TEDD and on improvements to property outside the TEDD) would almost certainly outweigh the revenue required to support each additional student enrolled. If enrollment increases create the need for additional classroom space, the cost of financing a school bond could be spread over a larger tax base and thus reduce the tax impact on individual taxpayers.

In summary, the Hamilton School District Board of Trustees believes that economic development is good for the District's students and its taxpayers. However, the School Board asks that the Commissioners take action as appropriate throughout the lifetime of the TEDD to ensure that the District's taxpayers are not unfairly burdened in the event that enrollment increases resulting from the TEDD require the improvement or addition of school infrastructure.

Should you have any questions, I would be glad to discuss them with you.

Sincerely,



David F. Bedey  
Chairman, Board of Trustees  
Hamilton School District #3

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Ravalli County Commissioners

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