

Green Tax Increment Financing

Tax increment financing (TIF) is another potential financing tool for energy efficiency and renewable energy projects. The Missoula Redevelopment Authority (MRA) has expressed interest in more creative approaches, as well as a more expansive definition of “public benefit,” which governs use of TIF financing. While energy efficiency is not explicitly named in the list of types of projects that may be undertaken with TIF, it could be argued that it falls within the “public improvement” or “improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution” sections of *Montana Code Section 7-15-4288. Costs that may be paid by tax increment financing*. More energy efficient buildings or renewable energy installations reduce carbon pollution. There have been attempts to codify energy efficiency as a public benefit at the Montana state legislature, however it is unclear whether this is required. While there is a legal argument that could be made, MRA cautioned that additional attention on Missoula’s TIF program could lead to restrictions from the state legislature that would hamper MRA’s existing efforts.

If the option were pursued, Missoula would not be the first city to offer TIF for sustainability projects; both Chicago and Milwaukee have successfully used TIF to install green infrastructure throughout their cities.