

TAX INCREMENT FINANCING LEGISLATION

(July 16, 2019 Status)

TIF bills filed in 2019

1. BL2019-1613, Ordinance amending Metro Code at 5.06.040 to change annual TIF report date and add DBE requirements to annual report

Passed already

- Passed, June 4, 2019

2. **BL2019-1630****, Ordinance establishing requirements for future new redevelopment plans

Pending

- 2nd reading on July 16, 2019
- **PASS on 2nd reading and set for 3rd reading on August 6, 2019**

3. BL2019-1644, Ordinance requiring MDHA and Metro to report on status of TIF Study Committee recommendations by 10/31/19 and 12/15/20

Passed already

- Passed, June 18, 2019

4. **BL2019-1645****, Ordinance amending all existing redevelopment plans

Pending

- 2nd reading (public hearing) on July 16, 2019
- **PASS on 2nd reading and set for 3rd reading on August 6, 2019**

TIF bills filed in 2018 (all of these should be deferred another meeting)

1. BL2018-1315, Create TIF Study & Formulating Committee)

Passed already

- Passed on Sept. 18, 2018

2. **BL2018-1319**, Amend Metro Code, Chapter 5.06 to take School Fund taxes out of new TIF loans *in all districts*

Pending

- **3rd reading on July 16, 2019 – DEFER TO AUGUST 6, 2019**

3. **BL2018-1320**, Amend. No. 8 to Rutledge Hill Redevelopment Plan to take School Fund taxes out of new TIF loans *in a single district*

Pending

- **2nd reading on July 16 – DEFER TO AUGUST 6, 2019**

4. **BL2018-1328**, Amend Metro Code, Chapter 5.06, to require a new plan or plan amendment to have outside CPA attestation on financial projections

Pending

- **2nd reading on July 16, 2019 – DEFER TO AUGUST 6, 2019**

** See attached Director Jameson Analysis for BL2019-1630 and BL2019-1645.

BILL NO. BL 2019-1630 (MENDES, COOPER, & OTHERS) – This ordinance would amend Sections 5.06.050 and 5.06.060 of the Metropolitan Code of Laws regarding Tax Increment Financing (TIF) plans.

Sections 5.06.050 and 5.06.060 of the MCL were added to the Code pursuant to Ordinance No. BL2016-157. Section 5.06.050 currently requires that the debt service portion of TIF loans to developers remains with Metro before being used for the payment of principal and interest on the TIF loans. Section 5.06.060 currently requires that the proceeds from the sales of land sold by MDHA as part of redevelopment plans are to be used solely within that district and not for any other purpose without approval by a resolution by the Council receiving twenty-one votes.

Pursuant to the ordinance under consideration, Section 5.06.050 would be amended to require that the portion of incremental tax revenues that may be used to pay a TIF loan may not exceed seventy-five percent (75%). This percentage could be increased or decreased by written policy of the tax increment agency.

Section 5.06.060 would be amended to require that a TIF plan must comply with Section 5.06.050. Further, the section would set forth a mandatory periodic assessment of the activities and improvements eligible for TIF under the plan. An assessment could be requested by either the Council or the tax increment agency. Assessments could be requested no earlier than seven (7) years after the adoption of the plan, or the previous assessment, and would be required to be completed within ten (10) years after the adoption of the plan or the previous assessment. The assessment would include a review of the impact and goals of the plan, and the Council and the tax increment agency must agree on the eligible activities or improvements. Council's agreement would be indicated by the adoption of a resolution. If the assessment is not completed timely, the tax increment agency would be prohibited from approving any additional bonds or indebtedness. Finally, this section would authorize either the Council or the tax increment agency to modify, change, or amend a plan, subject to the approval of the other. If the Council initiates the change, approval of the tax increment agency would be required prior to third reading of the ordinance adopting the modification, change, or amendment.

BILL NO. BL 2019-1645 (MENDES, COOPER, & OTHERS) – This ordinance would approve Amendment No. 6 to the Arts Center Redevelopment Plan, Amendment No. 1 to the Bordeaux Redevelopment Plan, Amendment No. 1 to the Cayce Place Redevelopment Plan, Amendment No. 1 to the Central State Redevelopment Plan, Amendment No. 2 to the Jefferson Street Redevelopment Plan, Amendment No. 6 to the Phillips-Jackson Redevelopment Plan, Amendment No. 8 to the Rutledge Hill Redevelopment Plan, and Amendment No. 1 to the Skyline Redevelopment Plan.

This ordinance would add a new section to each of the eight (8) Redevelopment Plans (Plans) listed above. These Plans are administered by the Metropolitan Development and Housing Agency (MDHA). This new section would be entitled “2019 Plan Amendments” and would effectuate three principle changes. First, this new section would require that the portion of tax increment funds that may be used to pay the indebtedness could not be greater than seventy-five percent (75%), except that MDHA could increase or decrease this percentage pursuant to criteria set forth in a written policy adopted by the Board of Commissioners of MDHA. Further, this would still be subject to the requirements of Chapter 5.06 of the Metro Code of Laws entitled “Tax Increment Financing”.

Second, the new section would require a periodic assessment of the activities and improvements eligible for tax increment financing (TIF) under the plan. An assessment could be requested by either the Council or the tax increment agency. Assessments could be requested no earlier than seven (7) years after the adoption of the plan, or the previous assessment, and would be required to be completed within ten (10) years after the adoption of the plan or the previous assessment. The assessment would include a review of the impact and goals of the Plan, and MDHA and the Council would have to agree on the eligible activities or improvements. Council’s agreement would be indicated by the adoption of a resolution approved by twenty-one (21) members. It would constitute a New Loan Termination Event if (a) the first assessment is not completed by June 30, 2022 or (b) any subsequent assessment is not completed within ten (10) years after the previous assessment. If a New Loan Termination Event occurs, MDHA would be prohibited from approving any additional bonds or indebtedness to be paid by TIF under the Plan. A New Loan Termination Event would not terminate the Plan, nor would it impact any TIF approved prior to the Event.

Third, the section would clarify that the Council or MDHA may initiate a Plan amendment, subject to the approval of the other. (Currently, only MDHA initiates such amendments.) If the Council initiates the amendment, the approval of MDHA must be obtained before the third reading of the ordinance adopting the amendment.

This ordinance would also make certain housekeeping changes, including language clarifying in the Rutledge Hill Redevelopment Plan from the amendment adopted pursuant to BL2014-699 which inadvertently identified the “Tax Increment” section of the plan as “Section G” instead of “Section H”. Additionally, several Redevelopment Plans authorize tax increment financing related to the Plan to be used to carry out “other adopted and approved redevelopment plans”, potentially outside of the designated Plan area. This ordinance would remove that language from the various Plan