

# Tax Increment Financing Reform

Reinventing Economic Development  
Tools for a Healthy Economy



# Reflection and review

- Original TIF programs have been operating for decades.
- Growing concerns raised from legislators.
- Long-term fiscal impact on taxing jurisdictions.



# Workgroup Background

- Rep. Kowall assembled a workgroup to review and make recommendations regarding our TIF programs.
- The workgroup met over six weeks, discussing a number of key concepts on the existing TIF programs and other economic development tools.

# Workgroup Participants

- House Staff: Kari Bearman, Jeremy Hendges, Craig Ryan and Travis Weber.
- Governor's Staff: Sally Durfee, Nat Forstner, Andrew Haan, Bill Rustem and Howard Ryan
- Local Gov't: Judy Allen, Deena Bosworth, Nikki Brown and Samantha Harkins
- Other Experts: Nick Khouri, Doug Luciani, Eric Lupher, Doug Roberts Sr., Eric Scorsone and Scott Smith

# Workgroup Programs Reviewed

- Tax Increment Finance Authority Act
- Downtown Development Authority Act
- Local Development Financing Act
- Neighborhood TIFA
- Historic Neighborhood TIFA
- Water Resource Improvement TIFA
- Brownfield Redevelopment Authority Act
- Corridor Improvement Authority Act
- Private Investment Financing Act
- Nonprofit Street Railway Act
- Convention Facility Authority Act
- Principal Shopping District
- Business Improvement Zones

# Workgroup Themes

- Consolidation.
- Dynamic and able to evolve.
- Restore TIF to original intent.
- Increase transparency.
- Eliminate duplication of services.
- Share in the success.



# Proposed Legislation Highlights

- Consolidates numerous TIF programs into a significantly revamped DDA Act.
- Phases out TIFAs, LDFAs, Corridor Improvement Authorities and Water Resource.
- Eliminates Neighborhood TIFs, Historic Neighborhood TIFs and PIFAs.
- Brownfield Act and Nonprofit Railway Act remain intact.





# Proposed Legislation Highlights

- Expands flexibility on purpose and use of resources.
- Incorporates special assessments identical to Principal Shopping Districts.
- Incorporates Brownfield activities.





# Proposed Legislation Highlights

- Eliminates citizens council.
- Annual public hearing for stakeholder input.
- Required reporting to the local municipality and state government on key information.
- Report information must be available online for public access.
- Failure to comply could result in loss of funds.



# Proposed Legislation Highlights

- Eliminates duplication of expected municipal services.
- Allows for additional services that may be required by events or are beyond the level provided by the municipality.



# Proposed Legislation Highlights

- Restricts TIF revenue to strictly infrastructure projects.
- Generally prohibits TIF revenue for operational and non-capital expenses.
- Funding for operational and non-capital expenses would be through assessments or millages.



# Proposed Legislation Highlights

- Incorporates a gain-sharing component to TIF revenue to help tax jurisdictions enjoy the success of the program.
- Limits TIF capture to existing millages, though new millages could be captured through a new TIF plan.





# Proposed Legislation Highlights

- Allows TIF revenue to be saved for projects – but if it is not used in a set time period, finances would flow back to taxing jurisdiction.
- School tax capture only for Brownfield-related work.



# Proposed Legislation Highlights

- Proposed legislation is meant as a starting point for the discussion – not a final product.
- Feedback is welcome and encouraged.
- Looking forward to working through the legislative process to continue to develop the proposal.



# Moving Forward

- Legislation as outlined will be introduced this week.
- Proposed legislation will be referred to the Commerce Committee.
- Public discussion and vetting through the committee process.
- Commitment to ongoing discussion and refinement.





# Proposed Timeline

- Bill introduction this week.
- Committee discussion and review throughout September.
- House floor discussion beginning of October.
- Goal is to build consensus and enact reforms by the end of the year.



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