

HB 1070 -- Tax Increment Financing

Sponsor: Johnson (47)

This bill changes the laws regarding tax increment financing (TIF). In its main provisions, the bill:

(1) Changes the definitions of "blighted area" and "conservation area";

(2) Removes architectural, engineering, legal, and marketing costs from professional service costs included within the definition of "redevelopment project costs";

(3) Adds a definition of "retail project";

(4) Requires redevelopment plans adopted by municipal and county governments to be approved by voters if a referendum petition is submitted according to procedures established in the bill;

(5) Increases from 50% to 90% the amount of total additional revenue from taxes, penalties, and interest that are imposed by a municipality or other taxing district which must be allocated to a separate segregated fund within the special allocation fund for redevelopment plans and projects approved or adopted after August 31, 1991;

(6) Increases from 50% to 90% the amount of defined new state revenues which may be available for appropriation by the General Assembly to the Department of Economic Development Supplemental Tax Increment Financing Fund for distribution to municipalities;

(7) Prohibits TIF from being used to fund more than 22% of the total estimated costs of a project that is primarily retail or to develop retail sites where 25% or more of the area is vacant land, considered open space, or is currently being used for agricultural or horticultural purposes. The bill exempts these types of areas that are part of the redevelopment project and were included in the municipality's comprehensive plan prior to January 1, 2004; and

(8) Requires municipalities to pay 25% of the payments in lieu of taxes they receive from TIF projects to taxing entities that would otherwise be entitled to receive revenue from property taxes. If a TIF project includes residential uses, real property tax revenues attributable to the residential portion of the development will pass through directly to the affected school districts unless commission members representing the affected districts say they will forgo this revenue.