

HCS HB 91 -- TAX INCREMENT FINANCING (Johnson, 47)

COMMITTEE OF ORIGIN: Local Government

Tax increment financing (TIF) cannot be used to fund more than 20% 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, considered open space, or is currently being used for agricultural or horticultural purposes. This substitute 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, 2002.

Municipalities are required 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 except in central business districts, 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.

FISCAL NOTE: No impact on state funds in FY 2006, FY 2007, and FY 2008.