HB 91 -- Tax Increment Financing

Sponsor: Johnson (47)

This bill prohibits a tax increment financing (TIF) redeveloping plan from being effective until the matter is approved by voters in the affected municipality or county.

Tax increment financing cannot be used to fund more than 15% of the total estimated costs of a project that is primarily retail or to develop sites where 25% or more of the area is vacant, considered open space, or is currently being used for agricultural or horticultural purposes. These type of areas that are part of the redevelopment project and were included in the municipality’s comprehensive plan prior to January 1, 2002, are exempt from this requirement.

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, real property tax levies 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.