

HB 688 -- Regional Economic Development Districts

Sponsor: Pollock

This bill establishes the Regional Economic Development District Law. In its main provisions, the bill:

(1) Allows two or more governing bodies to establish a regional economic development district to plan programs encouraging economic development within the district. The governing bodies must enact identical ordinances or mutually agree to the district's establishment. The ordinances or mutual agreements must specify the qualifications, terms, membership, and powers of the district's board;

(2) Allows the district to impose, upon voter approval, a sales tax within the district to be used for economic development purposes. The sales tax rate can be 0.25%, 0.375%, or 0.5%;

(3) Creates the Regional Economic Development District Sales Tax Fund for the deposit of all revenue levied from the district's sales tax;

(4) Prohibits the revenue from the district's sales tax from being included in calculations of moneys available to other special taxing districts that may also be a part of the regional economic development district. Other special taxing districts include tax increment financing districts, neighborhood improvement districts, and community improvement districts. Revenue from the regional economic development district's sales tax can only be used for its purposes and cannot be diverted to any other special taxing district unless approved by the district's board;

(5) Requires the board to make a report available to the public at least annually on the use of its funds;

(6) Allows the board to adopt incremental tax financing for the purposes of the district;

(7) Specifies the manner in which ad valorem taxes and payments in lieu of taxes will be divided among affected taxing districts;

(8) Allows the district to collect 50% of the economic activity tax revenue received from sales within the district for 25 years;

(9) Specifies the requirements of a regional economic development plan;

(10) Requires that certain findings be made by the board before

adopting a regional economic development plan, including a determination that the development area has not been subject to growth and development through private investment and that this cannot be reasonably expected to occur without the implementation of regional economic development projects and the adoption of incremental tax financing; and

(11) Allows the district to issue bonds to pay for the costs associated with the regional economic development projects.