

Legislation Text

File #: 21-712, **Version:** 1

PRESENTER:

Jeff Jewell, Economic and Community Development Director

SUBJECT:

Discuss and Consider a Resolution Adopting a Tax Increment Financing Policy

DEPARTMENT: Economic and Community Development

COUNCIL DISTRICTS IMPACTED: All

BACKGROUND INFORMATION:

Tax Increment Financing (TIF) is a tool available to municipalities under Chapter 311 of the Texas Tax Code. TIF utilizes the increase in property and/or sales taxes within a defined geographic area as a source of revenue for public improvements as defined in a Project and Finance Plan. The fundamental purpose of TIF is to encourage economic development or redevelopment within a geographic area known as a Tax Increment Reinvestment Zone (TIRZ) that would not occur without the assistance provided through TIF. The policies and guidelines are established to sustain, develop, and expand the City's economic base by leveraging private investment for specific types of development and to provide guidance to staff, applicants and the recommending and approving bodies for use of the incentive.

The policy outlines goals of TIF deployment, as well as establishes expectations and requirements for the level of due diligence that will be undertaken. The purpose of such due diligence is to provide some reasonable assurance that the any project applying for TIF assistance would not occur but for the incentive and that the improvements proposed will be constructed within a reasonable timeframe.

The creation of a TIRZ is a multi-step process. Below is a brief overview of the steps required to create a TIRZ:

- Prepare a preliminary financing plan (showing details how the improvements will be paid for)
- Hold a public hearing (and publish notice of such) to gain public input
- Designate a reinvestment zone (through adoption of an Ordinance), outlining the zone timeframe, formally establishing the zone, noting certain findings that indicate the zone meets criteria, and creating the TIRZ Board of Directors
- Prepare a project plan and a financing plan (Final Plans) to be consistent with preliminary plans and be approved by the TIRZ Board and City Council
- Seek approval of other participating taxing units (County) through public hearing and formal consideration by that taxing unit's governing body
- Implement TIRZ (begin implementation of the outlined plan) through the TIRZ Board and City Council

actions

- Submit an Annual Report (once the TIRZ is in place, the governing body produces an annual report indicating the status of the zone)

TIRZ board membership may not exceed 15 and if a county participates in the TIRZ, they are entitled to two (2) appointments to the board.

ISSUE:

The adoption of a policy will provide guidance to applicants, staff, elected and appointed officials as to when TIF is appropriate and how the City will evaluate their creation and applications for TIF funding.

FISCAL IMPACT:

N/A

RECOMMENDATION:

Staff presented and received input from the City Council's Audit and Finance Committee as well as the New Braunfels Economic Development Corporation's Board of Directors during the policy's formation.

Staff recommends approval of the Resolution.