

Subject Tax increment financing; five-year pooling rule extended to ten years for redevelopment districts outside metro area

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Overview

As amended, this bill authorizes municipalities to use excess tax increment financing (TIF) increment and revenues derived from certain local special taxes for general fund purposes. Additionally, this bill extends the five-year pooling rule that applies to TIF districts from five years to ten years for certain redevelopment districts.

Summary

Section	Description
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1	Temporary use of increment authorized.
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Allows TIF authorities to transfer unobligated, excess increment to the municipality's general fund for the municipality. The transferred increment is limited to the excess of increment that is required to make bond payments or other financial obligations within six months of the transfer. Transfers may be made through December 31, 2021.

The authority can only transfer funds after the municipality approves a spending plan and holds a public hearing that discusses the use of transferred increment.

Effective the day following final enactment for any TIF district regardless of its certification date.

2	Five-year rule.
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Extends the five-year pooling rule to ten years for all redevelopment districts located outside of the seven-county metro area. This change only applies to districts certified after June 30, 2020.

Effective the day following final enactment.

Section	Description
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3	Temporary use of special tax revenues.
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Allows local governments the temporary authority to divert a portion of certain local sales tax revenues to their general fund for through December 31, 2021. This applies to revenues from the following local taxes:

- general local taxes, including county transit taxes;
- food and beverage taxes;
- liquor taxes;
- admissions and amusement taxes; and
- lodging taxes imposed by special law.

It excludes lodging taxes imposed under general statutory authority that must be used for funding a local tourism and visitor's bureau.

The local government may only divert the money received in a calendar quarter not needed to fund debt obligations in the next calendar quarter. Also, the portion of a lodging tax authorized by special law that is required to be used to fund a local tourism and visitor's bureau may not be diverted to the general fund. The local government must have a plan for the use of the revenues and hold a public hearing on the topic prior to the diversion of any funds.

Effective the day after final enactment.



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