HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 608 **DATE:** February 18, 2013
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Subject: Tax increment financing – extend temporary authority under 2010 Jobs Bill

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This bill extends by two years (through December 31, 2014), the 2010 job bill's expanded authority, as extended by Laws 2011, chapter 112, to spend excess and surplus tax increments, notwithstanding the pooling limits, five-year rule, and so forth under the permanent TIF law. The authority to spend increments under this law expired on December 31, 2012.

The expired law allowed tax increments that development authorities and cities had on hand (excess and surplus increments not needed for other projects that had not been returned to the taxing districts) to be used for construction of new or substantial rehabilitation of existing private buildings (it could not be used for public buildings or other public infrastructure), if:

- Construction began before July 1, 2012.
- The development would create new jobs (including construction jobs).
- The development would not have occurred without provision of the assistance.

This authority included the ability to make equity investments in the development, for example, if it is necessary to obtain financing. The municipality (usually the city) must approve and must hold a public hearing with published notice (following the same rules as apply to approving a new TIF plan).

The bill would revive this authority by extending each of the dates in the expired law by 24 months; this will require construction to begin by July 1, 2014, and terminates authority to spend increments on December 31, 2014. Spending on market-rate housing developments would need to end by July 31, 2014. In addition, the bill requires spending plans to include a "detailed description" of each action to be undertaken, rather than a generic statement of authority or plans for the money, as was the practice of many cities under the expired law.