

Subject Roseville; expenditure of hazardous substance subdistrict tax increment amount of time extended

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Overview

This bill allows the city of Roseville to use all increment collected within its Hazardous Substance Subdistrict No. 17A for the purpose of funding environmental remediation on parcels within and adjacent to the district. This includes increment generated, but not expended within the district's first five years after certification.

Background on the 5-year rule

Five-year rule. Under current law, 80 percent of increment generated (75 percent for redevelopment districts) in a district in the district's first five years after certification must be spent on development activity within the district. After the fifth year, increments may only be spent to decertify the district by paying off obligations that were incurred to fund work done during the five-year period, or to reimburse a developer for costs it paid during the first five years.

The rule is intended to ensure that the property within the district is put back on the tax rolls in a reasonable amount of time, rather than increment being used to undertake new projects or expenditures instead of being used to pay existing debts.