

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1603

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**Version:** As introduced

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**Subject:** Tax Increment Financing (TIF) - City of Fairmont

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### Overview

This bill authorizes the city of Fairmont to reduce the original net tax capacity of a tax increment financing (TIF) district to the land value.

#### Section

- 1 TIF, city of Fairmont.** Authorizes the city of Fairmont to reduce the original tax capacity of a parcel of land in a TIF district to the value of the land. This parcel contains a post office building that a private developer purchased for redevelopment. The property was tax exempt before its purchase and inclusion in the TIF district.

General law provides that tax exempt parcels are included in original tax capacity based on the value of the property as determined by the assessor. The law specifies use of either the tax exempt abstract amount (i.e., the assessor's regular valuation of tax exempt parcels on a six-year cycle) or if this value was determined more than one year before the property transfer, then based on the assessor's appraisal of the value at the time of the transfer. The bill deviates from these rules by excluding the value of this post office building from original net tax capacity. This will result in the capture of additional tax capacity by the TIF district and will yield higher tax increments.

**Effective date:** Upon local approval by the city of Fairmont.