

HOUSE RESEARCH

Bill Summary

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Subject: Fairmont - Abatement and TIF

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Overview

This bill authorizes the use of economic development abatement to supplement the tax increments for a tax increment financing (TIF) project in the city of Fairmont. The developer, city, and county expected the entire taxes for the property would be captured, because the parcel previously was a tax exempt U.S. Post Office. However, the TIF law requires the value of exempt parcels to be included in original tax capacity, rather than captured tax capacity. As a result, this value does not generate increment revenues.

Section

- 1 Fairmont abatement authority.** Authorizes the city of Fairmont, Martin County, and Independent School District No. 2752, to abate the taxes on the original tax capacity of TIF district No. 20 in Fairmont. This will permit the city to reimburse the developer for TIF that he expected to receive because the county represented that exempt property (a U.S. Post Office) would be included in the TIF district with an original value of zero. Allows the abatement to benefit a local elected official if the official discloses his interest and potential benefit and abstains from voting on the abatement.

Effective the day following final enactment.