Overview

This bill allows a municipality (usually a city) to transfer tax increments from one district to another to pay deficits caused by 1997 and 1998 reductions in the property tax class rates. This authority applies notwithstanding pooling restrictions under other laws or whether the development authorities establishing the districts were the same.

Section

1. **TIF pooling authority.** Authorizes municipalities with a deficit in a tax increment financing (TIF) district that was caused by the 1997 and 1998 reductions in property tax class rates to transfer available increments from other TIF districts to eliminate the deficit. This authority is subject to a number of limitations and conditions.

   **Scope.** The authority applies only to TIF districts for which the request for certification was made before enactment of the 1997 tax bill (i.e., the first round of class rate reductions).

   **Qualifying deficits.** Deficits are defined as the lesser of (1) increments from the district and any available increments from other districts permitted by existing pooling restrictions less the district's obligations to pay pre-June 2, 1997 bonds or (2) the reduction in the district's increments that result from the 1997 and 1998 property tax class rate changes.

   **Transfers from districts created by separate development authorities.** The municipality may transfer increments between districts even if they were created by different types of development authorities (e.g., an economic development authority and a port authority). This authority is limited to development authorities under the control of the municipality (defined by reference to appointment powers). Thus, a city could not transfer increments from a county HRA project, even if the TIF district was located in the city.
Other pooling authority. The pooling authority under the bill applies notwithstanding the pooling limits under other laws -- i.e., the percentage restrictions and the lack of authority for pre-1982 districts. Pooled increments under the bill's authority are to be deducted before calculating the percentage pooling limits for post-1990 districts. Thus, pooling will proportionately reduce both increments available for in-district spending and pooling.

2 Effective date. Provides the changes are effective the day following final enactment.