

CHARTER REVIEW COMMISSION

January 13, 2020

Article ____, Section ____ – Voter Approval Required for Tax Increment Finance Districts over \$5,000,000.

Background:

No past CRC has considered requiring voter approval of any Tax Increment Finance (“TIF”) District. Resolution No. R-1819-66 called for the 2019 CRC to consider adding language to the Charter requiring a vote of the electorate for approval of a Tax Increment Finance District over \$5,000,000.

Cities are authorized to create TIF districts by the Local Development Act, which was adopted by the State Legislature in 1992. TIF Districts allow cities to use revenue growth generated in a district to fund certain improvements. Over the years, the City has created three TIF Districts – the Campus Corner TIF, the University North Park TIF, and the Center City TIF. The Campus Corner TIF authorized project costs in the amount of \$1.25 million for lighting, security systems, landscaping, sidewalks, etc. and was funded with growth in revenue from ad valorem and sales taxes. The University North Park TIF authorized project costs in the amount of \$54.725 million to fund costs associated with traffic and roadway improvements, economic development, Legacy Park, a conference center and cultural facility, and Lifestyle Center. It was funded with a portion of the growth in sales tax and ad valorem tax revenue generated within the district. Most recently, Council created the Center City TIF, which uses growth in ad valorem revenue to fund up to \$44.5 million in primarily public infrastructure improvements that make redevelopment more costly and more difficult.

In order to create a TIF district under the Local Development Act, the area proposed for inclusion must first be eligible under the Act. Then a Project Plan must be developed which is required to be reviewed by a committee made up of representatives of the taxing jurisdictions and three community members. Once the review committee makes a recommendation on the Project Plan, the Planning Commission must review and make a recommendation. Finally, the City Council must hold two public hearings prior to adoption of the plan. The proposal before the CRC is to consider whether a vote of the public must also be required prior to creating a TIF district with authorized project costs exceeding \$5 million.

At its December 2, 2019 meeting, the Committee discussed the merits of requiring a vote of the electorate prior to creating a TIF district and whether such a proposal should include a \$5 million threshold. The Committee wanted to further discuss whether an election should be for TIF’s that utilize sales tax increments only and whether there is an appropriate threshold amount. Some members expressed concern that a threshold would not stand the test of time and would essentially require all TIF’s to be voted on by the electorate. Some of the discussion related to limiting the scope of any Charter amendment to TIF’s funded from sales tax increments since the City is only entitled to sales tax. Additional discussion centered on whether Council would be able

to amend a TIF without an additional vote of the electorate. Staff was asked to draft a proposal based on the feedback thus far to help spur additional discussion.

Proposed Language for Discussion:

Article XIV. – Revenue

Section 4. - Tax Increment Financing Districts.

A tax increment financing district created by the City pursuant to Oklahoma law that pledges sales tax increments to fund improvements within the district, or any amendment thereto, shall only become effective after approval by a majority of the registered voters of the City in a general or special election.