



CITY OF NORMAN

# Continued Discussion of Proposed TIF Ordinance

**City Council Conference**  
**May 12, 2026**

**CITY OF NORMAN**  
Building an Inclusive Community



# New Process for Considering TIF Proposals



Application Submitted



Staff Analysis



Appt/Review-Stakeholder Committee



Economic Development Advisory Board Review



Estimated 6-month process



Statutory Review Committee Appointments



Statutory Review Committee Review and Recommendation



Planning Commission Consideration of Project Plan



City Council  
2 public hearings  
Vote





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# Legal Basis for the Local Development Act

- Oklahoma Constitution, Article 10, § 6C
  - Empowers the Legislature to pass laws granting cities the ability to provide incentives, exemptions and other forms of relief from taxation for historic preservation, reinvestment, or enterprise areas that are exhibiting economic stagnation or decline.
  - Empowers the Legislature to pass laws authorizing cities to use local taxes and fees for specific public investments, assistance in development financing, or as a specific revenue source for other public entities in which the improvements take place
  - Empowers the Legislature to pass laws authorizing cities to plan, finance and carry out the development or redevelopment of areas determined by the governing body to be unproductive, undeveloped, underdeveloped or blighted.
- The Local Development Act is the law adopted by the



# Local Development Act:

## What Qualifies for Tax Increment Financing?

Legislative Guidelines (62 O.S. §852) - Legislature intends:

1. **LDA tools be used where investment, development and economic growth is difficult, but possible if the provisions of this act are available**
2. **LDA tools are not to be used where reinvestment, development and economic growth would have occurred any way**
3. LDA tools should supplement and not supplant or replace normal public functions and services
4. LDA tools should be used in conjunction with existing programs and efforts
5. Boundaries of districts should not dissect a similar are or create unfair competitive advantage
6. Governing body should recognize the need for residential and neighborhood treatment, capital improvements to neighborhood public schools, as well as commercial/industrial development
7. Where possible partial credits or credits that do not utilize the full-time frame allowed be pursued
8. Maximum effort for public knowledge and participation in the local use of this act
9. Emphasis on conservation, preservation and rehabilitation; should minimize demolition, clearance and relocation where possible
10. Governing bodies should develop and apply clear standards, criteria and threshold limits



# Local Development Act:

## What Qualifies for Tax Increment Financing?

- Purpose of the LDA - 62 O.S. § 851
  - Legislature explicitly finds that "historic preservation, reinvestment or enterprise areas are underproductive, underdeveloped or blighted areas" under the enabling constitutional provision
- *Harvey vs. City of Oklahoma City*, 2005 OK 20
  - TIF for Skirvin Hotel redevelopment project
  - Harvey said it was not in a "blighted area" and development of the hotel would've occurred anyway so it violates the LDA
  - Oklahoma Supreme Court holding:
    - Designation of the property as part of an "enterprise zone" means it is by definition "unproductive, undeveloped, underdeveloped or blighted" for the purpose of TIF financing and therefore automatically qualifies under the LDA .
    - Because it automatically qualifies, it does not violate the Constitution or § 852 (1) and (2) of the LDA (the "but for" test)
- 2019 OK AG 7 - How is a City's compliance with 62 O.S. § 852 (1) and (2) measured?
  - Districts in historic preservation, reinvestment or enterprise areas are "per se" consistent with such guidelines.



# What Qualifies for Tax Increment Financing?

Local Development Act	Proposed City Ordinance
<p>If <b><u>not in a historic preservation, reinvestment or enterprise area</u></b>: “but for” test</p> <ul style="list-style-type: none"><li>- Limited to use in those cases where investment, development and economic growth is difficult, but possible with the LDA</li><li>- Should not be used where investment, development and economic growth would have occurred anyway</li></ul> <p>62 O.S. 852(1) and (2)</p>	<p>“But for” test regardless of whether project is in a historic preservation, reinvestment or enterprise area:</p> <ul style="list-style-type: none"><li>- Limited to use where investment, development and economic growth in line with the goals of the City is difficult, but possible with TIF assistance</li></ul> <p>Section 12-702(a)(2)</p>
<p>Remaining legislative guidelines (Slide 4)</p>	<p>Determination that use of a TIF district is an appropriate incentive tool</p>
	<p>The area proposed for designation as a TIF district is projected to increase in real property taxable value within the first 5 years following establishment of district</p>
	<p>Proposed districts in urban areas are expected to support development or revitalization within the Project Area across properties of multiple properties of separate ownership</p>
	<p>The TIF is expected to support and encourage development that will have a positive net fiscal impact on the City as a whole</p>



# Analysis of TIF Proposals

Local Development Act	Proposed City Ordinance
No specific requirements for staff analysis of proposed TIF Districts or proposed projects under adopted Project Plans	Section 12-703(b) - Economic and Risk Analysis of Proposed TIF District Section 12-706 - Evaluation of Projects After a District is Completed
No formal citizen input until the public hearings on the Project other than three at-large members on statutory review committee	Section 12-704(c) - Ad Hoc Stakeholder Committee to review proposals; 7 members representing businesses, residents and non-profits within the Project Area or specified radius thereof  Section 12-704(d) - Economic Development Advisory Board - primary role to review/make recommendation on the Economic and Risk Analysis and impacts to taxing jurisdictions
Statutory Review Committee- made up of taxing jurisdictions representatives, plus three additional members representing the public at large (at least one must represent business or retail community) <ul style="list-style-type: none"><li>- Findings and recommendation as to the conditions establishing the eligibility of the proposed district</li><li>- Shall include analysis used to project revenues over life of Project Plan, effect on taxing entities and appropriateness of approval of proposed plan and project</li><li>- Consider and determine whether the proposed plan and project will have a financial impact on any taxing jurisdiction and business activities within the proposed district</li></ul>	City ordinance does not replace Statutory process



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# Comments from May 5, 2026

## Meeting

City's "but for" test -

-Council wants to ensure areas that would develop, but not in a way that meets Council goals (affordable housing, community focus, etc) could potentially qualify

-Note - this test would not qualify a project for TIF under the LDA if not an enterprise zone, historic preservation area, or reinvestment area

-12-703(a) (2) (a) City Requirements: That tax increment financing be used in those cases where investment, development and economic growth in line with the goals of the City is difficult, but possible with



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# Comments from May 5, 2026

## Meeting

How do we ensure dedicated sales tax funds (NF, PSST, Transit, etc.) are preserved?

- Section 12-702(c): There is a general preference for TIF districts that only request the capture of incremental ad valorem tax revenue
- Section 12-703(a)(2)(f): If a TIF district is proposed to capture incremental sales tax revenue, it shall be limited to non-dedicated sales tax revenue only.



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# Comments from May 5, 2026

## Meeting

Concern about requiring TIF districts in urban areas to support development or revitalization within the TIF District boundaries across multiple properties of separate ownership

- Changed the language in Section 12-703(a)(2)(f) to require it to support development or revitalization with the Project Area

## Clean Up Items

- Moved portion of language from 12-706(c)(2) to Economic and Risk Analysis

- Added Section 12-707 Applicability



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# Proposed TIF Ordinance

Ordinance 0-2526-66 is on the agenda tonight for First Reading (providing notice by title)

Typical process would be to place it on for Second Reading at May 26 meeting

If Council isn't ready to take action, we can postpone Second Reading to a date certain to give us more time to work on the ordinance