

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7613

BILL NUMBER: HB 1636

DATE PREPARED: Jan 16, 1999

BILL AMENDED:

SUBJECT: Redevelopment commission bonds; TIF expenditures.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill requires a redevelopment commission to obtain approval of the municipal or county fiscal body before issuing bonds. It provides that expenditures from a tax increment finance (TIF) allocation fund are subject to approval by the municipal or county fiscal body. The bill also provides that the municipal or county fiscal body may not refuse to approve an expenditure from the allocation fund if that refusal would impair the rights of bondholders.

Effective Date: July 1, 1999; March 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This proposal would require the municipal or county fiscal body's approval before a redevelopment commission could issue bonds or spend money from the TIF allocation fund. The fiscal body could not refuse a payment on bonded indebtedness. Currently, there is no fiscal oversight for these expenditures.

Redevelopment commissions are comprised of five members who are appointed as follows: In municipalities, three members are appointed by the municipal executive and two by the municipal legislative body. In counties, all five members are appointed by the county executive. This bill would offer the fiscal oversight of elected officials on the fiscal decisions of appointed redevelopment commissions.

For the 1997 PAY 1998 tax year, the incremental assessed valuation in TIF districts was \$960 million with a TIF allocation of approximately \$92 million.

State Agencies Affected:

Local Agencies Affected: Redevelopment Commissions; County and municipal fiscal bodies.

Information Sources: Local Government Database.