

**From:** Craig Lutz (County Commission)

**Sent:** Tuesday, November 20, 2012 4:07 PM

**To:** Scott Gibbs (County Commission); Billy Powell (County Commission); Ashley Bell (County Commission); Tom Oliver (County Commission)

**Cc:** Randy Knighton (Administration); Marty Nix (Administration)

**Subject:** Tax Allocation Districts

Chairman and commissioners,

As we start to talk about some of the pros and cons to various Tax Allocation Districts (TADs) in our county, I wanted to provide you with a link to a very good executive summary done by Georgia State:

[http://www.aysps.gsu.edu/publications/TAD\\_compiled.pdf](http://www.aysps.gsu.edu/publications/TAD_compiled.pdf). The first question that is asked is “What is a TAD?” The reference provides the answer:

When a jurisdiction experiences redevelopment or new economic development, typically the value of taxable properties in that jurisdiction increases, and thus, the tax revenues collected from these properties increase. *Tax allocation districts work by capturing the **incremental tax revenues gained** from this increase in property values in a pre-designated geographic area and using these funds to retire debt or to fund improvements on a pay-as-you-go basis.*

The most significant financing innovation associated with TADs is the use of TAD-backed debt (often referred to as “tax increment financing”). Specifically, jurisdictions can issue debt to fund capital improvements and/or to support other public or private sector investments in an area, and use the anticipated increase in property values from this investment to finance the debt. Recently, Georgia expanded this law to allow localities to commit incremental gains in sales taxes and other taxes such as the hotel-motel taxes to support TAD activities. In most cases, the incremental revenues involved include those of all the tax jurisdictions that overlap with the TAD – cities, counties, schools, and special districts. Under Georgia State Law, these jurisdictions must agree to commit their incremental revenues to the TAD.

(Emphasis added)

In the case of the investment I have called you about, the city plans to purchase property which will **DECREASE** the tax revenue by excluding it from the tax digest; this is why I believe it is an inappropriate use of TAD funding. I believe it is time for the county to reevaluate our participation in these projects given the fact that the projects use mostly county property tax dollars to actually do harm to the tax digest.

I have asked staff to compile a list of the TADs that the county participates in along with the project the municipalities have spent county taxpayer dollars on. When the information is gathered, I will circle back around and share the outcome.

Thanks,

Craig Lutz