Session Laws Amending TIF Legislation

One – SL 2005-238 [HB 1117]

The original legislation provided that the total land area within all project development districts in a county or city could not exceed five percent of the total land area of the county or city. This act modifies that limitation by providing that if a county creates a district, and that district is later annexed by a city or town, the area within the district does not count against the city's or town's five percent limit unless the county and city or town have entered into an interlocal agreement under the TIF legislation. That means the district will not count against the city or town unless the city or town has agreed to allow its taxes on the incremental values in the district to be used for repayment of the TIF bonds issued to finance improvements in the district.

In addition, this act clarifies and expands the security that a government might pledge in support of TIF bonds. First, the act makes clear that a government can pledge the proceeds of any special assessments levied on property within a project development district. Second, the act allows a government to grant a security interest in its real or personal property within such a district.

Two – SL 2005-407 [SB 528]

The original legislation provided that when a project development district was created outside of a city's central business district, no more than 20 percent of the square footage of privately-developed floorspace forecast in the development financing plan could be proposed for use in "retail sales, hotels, banking, and financial services offered directly to consumers, and other commercial uses other than office space." This act modifies that limitation for a district located in an enterprise tier one area and created "primarily for tourism-related economic development." The changes were intended to facilitate the TIF project proposed, and later undertaken, in Roanoke Rapids.

Three – SL 2006-211 [SB 1436]

The original legislation permitted a unit implementing a development financing plan to do so through contracts with private agencies. This act states that such a private agency is subject to the construction and purchase contract procedures set out in G.S. Chapter 143, Article 8, only to the extent specified in the contract between the unit and the private agency.

Four – SL 2006-252 [HB 2170]

This act makes technical changes, updating the nomenclature in the project development legislation that references enterprise tiers to correspond to the changes in the enterprise tier system enacted by this act.

Five – SL 2007-395 [SB 1196]

This act expands the purposes for which the proceeds of project development bonds may be used to add the following purposes:

- Community college facilities,
- Public school facilities,
- Parks and recreation facilities (but not stadiums, arenas, golf courses, swimming or wading pools, or marinas).

Furthermore, the act permits a county or city to issue project development bonds for any purpose for which those bonds are permissible, even if that government could not normally issue bonds for that purpose. For example, a city could issue project development bonds for school or community college facilities even though cities in general have no authority to borrow for school or college purposes; and a county could issue project development bonds for street improvement projects even though counties in general have no authority to borrow for street purposes.

In addition to the changes in project purposes, the act modifies the provisions for adjusting the base valuation of a project development district. The original legislation provided that when the county within which a district is located undertook a general revaluation, if it appeared the base valuation would have been increased simply because of the general increase in valuations in the county, the base valuation was to be increased by that amount. This act deletes that provision, so that there will be no change in base valuation simply because of a general revaluation.