

DFA Local Tax Revenues

6/28/12

TAX ALLOCATION DISTRICTS

The Georgia Redevelopment Powers Law, O.C.G.A. § 36-44-1, *et seq.*, provides means for the redevelopment of economically and socially depressed areas through the creation of tax allocation districts by political subdivisions. O.C.G.A. § 36-44-8. The creation of a tax allocation district (TAD) permits the use of actual or anticipated increase in ad valorem tax revenues resulting from redevelopment activities to fund activities in furtherance of that redevelopment. Implicit in this financing method (which involves a commitment of public resources to what are generally private endeavors) is the expectation that but for the infusion of the public commitment, the increased property tax revenue would not occur.

Typically, a large proportion of the total tax millage rate for a county is levied for county school district purposes. The Georgia Constitution and the Redevelopment Powers Law provides that the school district component of tax revenue can be included in the computation of tax allocation increments if the board of education consents to such inclusion by resolution duly adopted by the board.

The Cobb County Board of Education (Board) has a fiduciary obligation of the highest order to ensure that the Cobb County School District (District) component of ad valorem property tax levies is used in a manner that is clearly and convincingly beneficial to the District and its students. This Statement of Policy is intended to permit the District to support appropriate redevelopment under the Redevelopment Powers Law without detriment to the constitutional mission of education.

A. GENERAL PROVISIONS:

The Board shall:

1. Carefully and fully consider all applications for participation in a tax allocation district (TAD) requiring consent of the Board under O.C.G.A. § 36-44-9(c);
2. Not consent to the creation of a (TAD) unless, following careful review of the application, the evidence is clear and convincing that:
 - a. The redevelopment activities described in the redevelopment plan will occur;
 - b. But for the use of TAD financing, the redevelopment activity and tax increment would not occur; and
 - c. The redevelopment activities will provide benefits to the District commensurate with the dedication of the District component of the tax increment ("district benefit").
3. "District benefit" shall mean additional revenues resulting from a TAD that would otherwise be received by the District (with or without regard to the existence of the TAD) are ultimately received or restored to the District within a time and under terms and conditions set forth in the consent documents or, if not, such other benefits as would warrant any deferral or adjustment of receipt of increased tax revenues resulting from the TAD;
4. Look with significantly greater favor upon applications for consent that involve specific projects, defined as projects with detailed descriptions, including information as to the:
 - a. Identity of the project redevelopment participants;
 - b. Affected real property;
 - c. Property improvements;
 - d. Redevelopment costs;
 - e. Method of financing;
 - f. Nature and status of participation and financing commitments; and
 - g. Such other information as may be required by the Board.

5. Applications that do not involve specific projects as described above shall not be approved unless the following criteria are clearly satisfied:
 - a. The characteristics of the proposed district are such that the proposed described redevelopment offers unique opportunities for assured substantial increases in the assessed value of the proposed TAD;
 - b. Financial projections are detailed and supported by documented information, reliable models, and analysis from sources with recognized expertise;
 - c. There are identified special benefits, direct or indirect, for the District beyond those projected as resulting solely from the increase in assessed value of the property in the TAD;
 - d. There are sound reasons why designation of a TAD and Board consent cannot await the creation of specific projects;
 - e. The projected time frames for milestones for the redevelopment are of such length and sufficiently credible as to minimize risk to District interests;
 - f. There are safeguards in place to:
 - (1) Assure the opportunity for Board scrutiny and involvement in decisions as the redevelopment occurs, including, at a minimum, the opportunity to approve specific projects; and
 - (2) Protect the use of the Board share of accumulated tax increments pending use for redevelopment costs.

B. PROCEDURES:

1. The Board adopts and incorporates the current TAD Policy and Guidelines adopted by the Cobb County Board of Commissioners to the extent applicable, except as provided herein.
2. Applicants seeking the Board's consent to a TAD shall:
 - a. Provide the District with two copies of all materials submitted to the Cobb County government (including the required Redevelopment Plan) at the time of that submission;
 - b. Submit a completed Application for School Board Consent to a Tax Allocation District (Application) in a form prescribed by the District; and
 - c. Provide such other information required by the District.
3. Applications for Board consent shall be submitted no later than August 1 of the year prior to the year in which the proposed TAD is to take effect. This requirement may be waived by the Board for good cause shown.
4. Applicants shall be responsible for all costs and fees associated with the review of the application. Payment shall be made before the application is filed and shall be nonrefundable.
5. Any conditions to Board consent to a TAD shall be included in a binding intergovernmental agreement or other contract containing terms sufficient to carry out this Policy.

Adopted: 6/24/04

Reclassified an Administrative Rule: 9/1/04

Revised and reclassified as a Board Policy: 2/25/10

Revised and Re-coded: 6/28/12 (previously coded as Board Policy DEAA)

Legal Reference

O.C.G.A. 36-44-0001	Redevelopment Powers Law
O.C.G.A. 36-44-8	Creation and implementation of tax allocation districts
O.C.G.A. 36-44-9(c)	Computing tax allocation increments; property tax included; use of tax funds
O.C.G.A. 48-08-0144	Local charter schools and state chartered special schools as capital outlay project
O.C.G.A. 48-08-0141	Manner of imposition of tax; report
O.C.G.A. 20-02-0164	Local five mill share funds
O.C.G.A. 20-02-0167	Funding for direct instructional, media center and staff development costs; submission of budget
O.C.G.A. 20-02-0243	Withholding funds for failure to comply with school laws
O.C.G.A. 48-05-0298	Board of tax assessors - selection of chairman and secretary; employment contracts
O.C.G.A. 48-05-0404	Collection of county school taxes
O.C.G.A. 48-08-0081	Creation of special districts
Ga. Constitution Art. 11, Sec. 1, Par 4	Continuation of certain constitutional amendments for a period of 4 years
Ga. Constitution Art. 8, Sec. 6, Par. 1	Local taxation for education