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Mississippi

Tax Increment Financing

TITLE 21. MUNICIPALITIES

CHAPTER 45. TAX INCREMENT FINANCING

§ 21-45-1. Short title

This chapter may be cited as the "Tax Increment Financing Act."

§ 21-45-3. Definitions

For the purposes of this chapter, the following terms shall have the meanings given them in this section unless a different meaning is clearly indicated by the context:

(a) "Project area" includes:

(i) Areas in which there is a significant amount of buildings or improvements which, by reason of dilapidation, deterioration, age, obsolescence, inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population and overcrowding or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and are detrimental to the public health, safety, morals or welfare;

(ii) Areas in which are located a building or buildings that are of important value for purposes of historical preservation, as designated by the Department of Archives and History;

(iii) Areas which by reason of a significant amount of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site improvements, diversity of ownership, tax delinquency, defective or unusual conditions of title, improper subdivision or obsolete platting or the existence of conditions which endanger life or property by fire or other causes, or any combination of such factors, substantially impair or arrest the

sound growth of the community, retard the provision of housing accommodations or constitute an economic or social liability and are a menace to the public health, safety, morals or welfare in their present condition and use;

(iv) Areas in which the construction, renovation, repair or rehabilitation of property for residential, commercial or other uses is in the public interest; or

(v) A project for which a certificate of public convenience and necessity has been obtained by the municipality pursuant to the Regional Economic Development Act.

(b) A "redevelopment project" may include any work or undertaking by a municipality:

(i) To acquire project areas or portions thereof, including lands, structures or improvements the acquisition of which is necessary or incidental to the proper clearance, development or redevelopment of such areas or to the prevention of the spread or recurrence of slum conditions or conditions of blight;

(ii) To clear any project areas by demolition or removal of existing buildings, structures, streets, utilities or other improvements thereon and to install, construct or reconstruct streets, utilities, bulkheads, boat docks and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan and public improvements to encourage private redevelopment in accordance with the redevelopment plan; or

(iii) To sell or lease property acquired by a municipality as part of a redevelopment project for not less than its fair value for uses in accordance with such redevelopment plan to retain property or public improvements for public use in accordance with the redevelopment plan.

"Redevelopment project" may also include the preparation of a redevelopment plan, the planning, survey and other work incident to a redevelopment project and the preparation of all plans and arrangements for carrying out a redevelopment project, relocation of businesses and families required under applicable law, and upon a determination, by resolution of the governing body of the municipality in which such land is located, that the acquisition and development of additional real property not within a project area is essential to the proper clearance or redevelopment of a project area or a necessary part of the general slum clearance program of the municipality, the acquisition, planning, preparation for development or disposal of such land shall constitute a redevelopment project.

(c) "Redevelopment plan" means a plan for the acquisition, clearance, reconstruction, rehabilitation or future use of a redevelopment project area which shall be sufficiently complete:

(i) To indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational, residential,

commercial and community facilities and other public improvements; and

(ii) To indicate proposed land uses, waterfront uses, if any, and building requirements in the area.

A redevelopment plan may include interlocal cooperation agreements between a municipality and a county whereby both agree to pledge revenues payable to them to fund the debt of service of any indebtedness incurred pursuant to this chapter.

(d) "Governing body" means the governing body of any municipality or the board of supervisors of any county.

(e) "Developer" means any person, firm, corporation, partnership or other entity which enters into an agreement with a municipality whereby the developer agrees to construct, operate and maintain or procure the construction, operation and maintenance of buildings or other facilities or improvements upon land or waterfront being a part of a redevelopment project.

(f) "Municipality" means any city or town incorporated under the laws of the State of Mississippi or any county.

(g) "Clerk" means the municipal clerk or chancery clerk, as the case may be.

§ 21-45-5. Relation to other laws; authority of municipalities to accept financial assistance and to enter into agreements with developers

This chapter shall be construed as cumulative authority to other existing laws relating to the powers of municipalities to undertake and carry out slum clearance and redevelopment work. Any municipality engaged in slum clearance or redevelopment work through a redevelopment project within the boundaries of the municipality may provide for financing to defray the cost, in whole or in part, of the same as hereinafter provided. Insofar as this chapter is inconsistent with any other law, this chapter shall be controlling.

Any municipality may accept grants or other financial assistance from the state or federal government, or any other entity, to defray the cost, in whole or in part, of any activity consistent with the purposes of this chapter.

Any municipality may enter into agreements with any developer whereby the developer will agree to construct, operate and maintain buildings or other facilities or improvements included within such projects as are provided in a redevelopment plan.

§ 21-45-7. Division of ad valorem taxes according to tax increment financing plan

Any redevelopment project may contain a provision that municipal and county ad valorem taxes, if any, levied upon taxable property in a redevelopment project or

municipal sales taxes collected within the area, or both, shall be divided according to a tax increment financing plan.

§ 21-45-9. Issuance of tax increment bonds; issuance of refunding bonds; agreements with developers

Any governing body may issue tax increment bonds, the final maturity of which shall not extend beyond thirty (30) years, for the purpose of financing all or a portion of the cost of a redevelopment project within the boundaries of the municipality, funding any reserve which the governing body may deem advisable in connection with the retirement of the proposed indebtedness and funding any other incidental expenses involved in incurring such indebtedness. The debt service of indebtedness incurred pursuant to this section shall be provided from the added increments of municipal and county ad valorem tax revenues or any portion of the sales taxes, or both, to result from any such redevelopment project and shall never constitute an indebtedness of the municipality within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the municipality or a charge against its general credit or taxing powers.

Said bonds may be authorized by resolution or resolutions of the governing body, and may be issued in one or more series, may bear such date or dates, mature at such time or times, bear interest at such rate or rates, payable at such times, be in such denominations, be in such form, be registered, be executed in such manner, be payable in such medium of payment, at such place or places, be subject to such terms of redemption, with or without premium, carry such conversion or registration privileges and be declared or become due before the maturity date thereof, as such resolution or resolutions may provide; however, such bonds shall not bear a greater interest rate to maturity than that allowed under Section 75-17-101. Said bonds shall be sold for not less than par value plus accrued interest at public sale in the manner provided by Section 31-19-25 or at private sale, in the discretion of the governing body. The lowest interest rate specified for any bonds issued shall not be less than seventy percent (70%) of the highest interest rate specified for the same bond issue. Said bonds may be repurchased by the municipality out of any available funds at a price not to exceed the principal amount thereof and accrued interest, and all bonds so repurchased shall be cancelled. In connection with the issuance of said bonds, the municipality shall have the power to enter into contracts for rating of the bonds by national rating agencies; obtaining bond insurance or guarantees for such bonds and complying with the terms and conditions of such insurance or guarantees; make provision for payment in advance of maturity at the option of the owner or holder of the bonds; covenant for the security and better marketability of the bonds, including without limitation the establishment of a debt service reserve fund and sinking funds to secure or pay such bonds; and make any other provisions deemed desirable by the municipality in connection with the issuance of said bonds.

If a governing body desires to issue tax increment financing bonds under the Regional Economic Development Act, the governing body also shall comply with any requirements provided therein.

In connection with the issuance of said bonds, the municipality may arrange for lines of credit with any bank, firm or person for the purpose of providing an additional source of repayment for such bonds and amounts drawn on such lines of credit may be evidenced by bonds, notes or other evidences of indebtedness containing such terms and conditions as the municipality may determine; provided, however, that such bonds, notes or evidences of indebtedness shall be secured by and payable from the same sources as are pledged to the payment of said bonds which are additionally secured by such line of credit, and that said bonds, notes or other evidences of indebtedness shall be deemed to be bonds for all purposes of this chapter. Pending the preparation or execution of definitive bonds, interim receipts or certificates, or temporary bonds may be delivered to the purchaser or purchasers of said bonds. Any provision of law to the contrary notwithstanding, any bonds, if any, issued pursuant to this chapter shall possess all of the qualities of negotiable instruments.

The municipality may also issue refunding bonds for the purpose of paying any of its bonds at or prior to maturity or upon acceleration or redemption. Refunding bonds may be issued at such time prior to the maturity or redemption of the refunded bonds as the municipality may determine. The refunding bonds may be issued in sufficient amounts to pay or provide the principal of the bonds being refunded, together with any redemption premium thereon, any interest accrued or to accrue to the date of payment of such bonds, the expenses of issuing the refunding bonds, the expenses of redeeming the bonds being refunded, and such reserves for debt service or other capital or current expenses from the proceeds of such refunding bonds as may be required by any of the municipality's resolutions, trust indenture or other security instruments. The issuance of refunding bonds, the maturities and other details thereof, the security therefor, the rights of the holders and the rights, duties and obligations of the municipality in respect of the same shall be governed by the provisions of this chapter relating to the issuance of bonds other than refunding bonds, insofar as the same may be applicable.

Before incurring any debt pertaining to a redevelopment project incorporating a tax increment financing plan the governing body may, but shall not be required to, secure an agreement from one or more developers obligating such developer or developers:

- (a) To effect the completion of all or any portion of the buildings or other facilities or improvements, as described in the redevelopment project, at no cost to the municipality;
- (b) To pay all or any portion of the real property taxes due on the project in a timely manner; and
- (c) To maintain and operate all or any portion of the buildings or other facilities or improvements of the project in such a manner as to preserve property values.

No breach of any such agreement shall impose any pecuniary liability upon a municipality or any charge upon its general credit or against its taxing powers.

Additionally, the municipality may enter into an agreement with the developer under which the developer may construct all or any part of the redevelopment project with private funds in advance of issuance of the bonds and may be reimbursed by the municipality for actual costs incurred by the developer upon issuance and delivery of the bonds and receipt of the proceeds, conditioned upon dedication of redevelopment project by the developer to the municipality to assure public use and access. This condition shall not apply to the privately owned portion of a project for which the Mississippi Development Authority has issued a certificate of convenience and necessity pursuant to the Regional Economic Development Act. In addition, this condition shall not apply to the privately owned portion of a redevelopment project where the governing body of a municipality makes a finding that it is in the best interest of such municipality that such condition shall not apply.

§ 21-45-11. Contents of tax increment financing plan; public hearing

Any tax increment financing plan, at a minimum, shall contain:

- (a) A statement of the objectives of a municipality with regard to the plan;
- (b) A statement indicating the need and proposed use of the tax increment financing plan in relationship to the redevelopment plan;
- (c) A statement containing the cost estimates of the redevelopment project and the projected sources of revenue (ad valorem taxes, sales taxes, and the proceeds of any other financial assistance) to be used to meet the costs including estimates of tax increments and the total amount of indebtedness to be incurred;
- (d) A list of all real property to be included in the tax increment financing plan;
- (e) The duration of the tax increment financing plan's existence;
- (f) A statement of the estimated impact of the tax increment financing plan upon the revenues of all taxing jurisdictions in which a redevelopment project is located; and
- (g) A statement requiring that a separate fund be established to receive ad valorem taxes and the proceeds of any other financial assistance.

Before approving any tax increment financing plan, the governing body shall hold a public hearing thereon after published notice in a newspaper in which the municipality is authorized to publish legal notices at least once and not less than ten (10) days and not more than twenty (20) days prior to the hearing.

§ 21-45-13. Security for principal, interest, and premium on tax increment bond

The principal, interest and premium, if any, on any tax increment bond shall be secured by a pledge of the revenues payable to the municipality pursuant to the tax increment

financing plan and may also be secured, in the discretion of the municipality, by a lien on all or any part of the redevelopment project and any security by any developer pursuant to and secured by a security agreement. The proceedings under which any indebtedness is authorized or any security agreement may contain any agreement or provisions customarily contained in instruments securing such obligations, without limiting the generality of the foregoing provisions respecting the construction, maintenance and operation of buildings or other facilities or improvements of the project, the creation and maintenance of special funds, the rights and remedies available in the event of default to the debt holders or to the trustee, all as the governing body shall deem advisable; provided, however, that in making any such agreements or provisions, no municipality shall have the power to obligate itself except with respect to:

(a) The proceeds of the bonds and any property purchased with the proceeds of the bonds;

(b) Any security pledged, mortgaged or otherwise made available by a developer for the securing of bonds or other indebtedness; and

(c) No municipality shall have the power to obligate itself except with respect to the application of the revenues from the tax increments; nor shall any municipality have the power to incur a pecuniary liability or charge upon its general credit or against its taxing powers.

Tax increment financing bonds issued under the Regional Economic Development Act also may be secured as provided therein.

The proceedings authorizing any bonds and any security agreement securing bonds may provide that in the event of default in payment of the principal of or interest on such bonds, or in the performance of any agreement contained in such proceedings or security agreement, such payment and performance may be enforced by mandamus or by appointment of a receiver in equity with such powers as may be necessary to enforce the obligations thereof. No breach of any such agreement shall impose any pecuniary liability upon any municipality or any charge upon its general credit or against its taxing powers.

The trustee under any security agreement or any depository specified by such security agreement may be such persons or corporation as the governing body shall designate; provided, that they may be residents of Mississippi or nonresidents of Mississippi or incorporated under the laws of the United States or the laws of other states of the United States.

§ 21-45-15. Application of proceeds from sale of bonds

The proceeds from the sale of any bonds issued under authority of this chapter shall be applied only for the purpose for which the bonds were issued; provided, however, that any premium and accrued interest received in any such sale shall be applied to the payment of the principal of or the interest on the bonds sold; and provided further, that if

for the purpose for which the bonds were issued, such unneeded portion of the proceeds shall be applied to the payment of the principal of or the interest on the bonds.

§ 21-45-17. Exemption from taxation

The bonds authorized by this chapter and the income therefrom and all security agreements and mortgages executed as security therefor made pursuant to the provisions hereof, and the revenues derived therefrom, shall be exempt from all income taxation in the state.

§ 21-45-19. Items which are included in cost of redevelopment project

The cost of a redevelopment project shall be deemed to include the actual cost of the construction or rehabilitation of any part of a project which may be constructed or rehabilitated by a municipality, including architects' and engineers' fees, the purchase price of any real property that may be acquired by a municipality by purchase, all expenses in connection with the authorization, sale and issuance of bonds or other indebtedness to finance such acquisition, and the interest on bonds for a reasonable time prior to construction or rehabilitation, during construction or rehabilitation and for not exceeding one (1) year after completion of the construction or rehabilitation.

§ 21-45-21. Assessment of value of real property described in tax increment financing plan; retention and distribution of captured assessed value; approval of redevelopment plan; certification of amount of sales tax collected

(1) After adoption of a redevelopment plan containing a tax increment financing plan the clerk shall certify the assessed value of the real property, including personal property located thereon, described in the tax increment financing plan. Property taxable at the time of the certification shall be included in the assessed value at its most recently determined valuation.

Property exempt from taxation at the time of the request shall be included at zero unless it was taxable when the tax increment financing plan was approved, in which case its most recently determined assessed valuation before it became exempt shall be included. These assessed values shall be, and will be referred to as, the "original assessed value."

(2) Each year thereafter, the clerk and the State Tax Commission, if applicable, shall certify the amount by which the assessed value of real property, including personal property located thereon, described in the tax increment financing plan has increased or decreased from the original assessed value. These assessed values shall be, and will be referred to as, the "current assessed value."

(3) Any amount by which the current assessed value of the real property, including personal property located thereon, described in the redevelopment plan exceeds the original assessed value shall be referred to as the "captured assessed value." The clerk shall certify the amount of the captured assessed value to the municipality each year for

the duration of the tax increment financing plan. A municipality may choose to retain all or a portion of the captured assessed value for purposes of tax increment financing if the plan provides that all or a portion of the captured assessed value is necessary to finance the redevelopment project, including the cost of establishing necessary reserves to insure payment of revenue bonds.

If the tax increment financing plan provides that only a portion of the captured assessed value is necessary to finance the redevelopment program, only that portion shall be set aside and the remainder shall be apportioned to the various municipal tax levy funds and the various county tax levy funds.

The amount of captured assessed value that a municipality intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

(4) After adoption of a redevelopment plan containing a tax increment financing plan which includes a portion of the municipality sales tax diversion, the State Tax Commission shall certify the amount of sales tax collected by the state within the boundaries of the redevelopment area and diverted to the municipality in the twelve-month period ending on the last day of the month before the effective date of approval of the plan. Any increase in the amount collected within the boundaries shall be set aside by the municipality in the fund created by the tax increment financing plan.

Each redevelopment plan shall be approved in the same manner and at the same times provided in Section 43-35-13 for the approval of urban renewal plans. Any tax increment financing plan shall become effective on the same date as the redevelopment plan is approved.