



HOWARD COUNTY DEPARTMENT OF FINANCE

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TAX INCREMENT FINANCING GUIDELINES HOWARD COUNTY, MARYLAND

Purpose. The purpose of these guidelines is to set forth the considerations that the appropriate departments in the Executive branch will use to guide decision-making in reviewing proposals for tax increment financing to fund public infrastructures.

Background. State law (the “Tax Increment Financing Act”) authorizes the creation of tax increment financing (or “TIF”) “districts” as a means of financing public infrastructure in connection with private development which furthers county-wide goals and policies. A TIF accomplishes this by pledging the increased property tax revenues (the “Tax Increment”) resulting from the private development to pay for the bonds or other financing used to fund the public infrastructure. The TIF structure allows the County to continue to receive the tax revenues existing prior to the private development, to receive the entire increase in tax revenues from the private development after the bonds or other obligations are paid, and to fund the infrastructure without having to increase county-wide tax rates or other revenues. One key to the success of a TIF is that the Tax Increment will generally be sufficient to finance the public infrastructure. These guidelines have been prepared for the purpose of (1) evaluating the feasibility of a TIF as a mechanism to fund public improvements in connection with private development projects, and (2) to determine whether the private development and public improvements within the TIF District will meet the County’s economic development, land use, and other strategic goals.

Guidelines. In order to assure that TIF financing at a proposed location will accomplish its stated benefits, the County Administration will evaluate an application to establish a TIF District utilizing these guidelines, prior to any required action of the County’s governing body pursuant to State law (Md. Code Ann., Art. 41, Title 14, Subtitle 2). The ability to utilize TIF financing is not a right or entitlement established by Maryland law or these guidelines. The County reserves the right, in its sole discretion, to amend or waive these guidelines when such waiver would further the County’s goals for establishment of the TIF. A TIF application, in a form determined by the Director of Finance, will be evaluated to determine the extent to which:

1. the proposed public improvements meet all requirements of the Tax Increment Financing Act;
2. the establishment of a special tax assessment district is desirable to supplement the Tax Increment to ensure repayment of the bonds or other obligations incurred, and the public improvements meet all the applicable requirements of State law for the establishment of a special taxing district;
3. the proposed public infrastructure furthers the goals and policies set forth in the County’s General Plan, and goals and policies established in other plans adopted by the County Council or other County agencies;
4. the proposed private development is consistent with the County’s General Plan, the Howard County Zoning and Subdivision Regulations;

5. the developer requesting TIF financing has a significant investment at risk in the development relative to the amount of County investment in the public infrastructure funded through the TIF;
6. the public and private development will yield a public benefit to residents outside of the TIF District;
7. the proposed private development would not be economically feasible but for the establishment of a TIF District, and the financial assistance resulting from the TIF financing is limited to the amount required to make the development feasible;
8. the proposed private development will be economically viable throughout the term of the bonds issued (or other obligations incurred) to finance the public infrastructure;
9. the total incremental tax revenues (from all sources) generated by the development exceed the annual debt service on the bonds issued to finance the public infrastructure to the extent needed to offset the fiscal burden placed on the County to provide services to the new development (such as the cost of new students in the school system); and
10. the issuance of bonds or other obligations incurred to finance the public infrastructure will not have an adverse impact on the County's credit rating.