



HOWARD COUNTY DEPARTMENT OF FINANCE

3430 Court House Drive Ellicott City, Maryland 21043

410-313-2195

Rafiu O. Ighile, CPA, CGMA, MBA
Director of Finance
righile@howardcountymd.gov

FAX 410-313-4064
TDD 410-313-2323

GUIDELINES FOR THE CREATION OF A TAX INCREMENT FINANCING DISTRICT(S) AND/OR TAX INCREMENT FINANCING 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 1) the creation of a tax increment financing district and 2) tax increment financing to fund public infrastructures within an established TIF District.

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 realize its stated goals, the Department of Finance 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 (*Tax Increment Financing Act – Sections 12-201 through 2-213, Economic Development Article, Maryland Annotated Code*). The ability to utilize tax increment 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 seeking the creation of a tax increment financing district (Part I of the 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 public and private development will yield a public benefit to residents outside of the TIF District;

A TIF application seeking the tax increment financing (Part II of the application), in a form determined by the Director of Finance, will be evaluated to determine the extent to which:

1. 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;
2. 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;
3. the proposed private development will be economically viable throughout the term of the bonds issued (or other obligations incurred) to finance the public infrastructure;
4. 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
5. 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.

A TIF application seeking the creation of a tax increment financing district (Part I of the Application) and tax increment financing (Part II of the Application), in a form determined by the Director of Finance, will be evaluated to determine the extent to which the Application meets both sets of guidelines established above.