



What is a TAD?

Georgia's Redevelopment Powers Law was adopted by the General Assembly in 1985 and gives local governments (cities and counties) the authority to sell bonds to finance infrastructure and other redevelopment costs within a specially defined area, a tax allocation district (TAD). The bonds are secured by a tax allocation increment which is the increase in the property tax revenues resulting from redevelopment activities occurring. As public improvements and private investment take place in a TAD, the taxable value of property increases. The county collects those revenues, putting the increase due to investment to the new investment into a special fund to pay off bonds or loans that financed the public improvements in the district.

What is tax increment?

Tax increment is the difference between the amount of property tax revenue generated when the TAD is established (the 'base' year) and the amount of property tax revenue generated after the TAD designation. When a TAD is created, the State Department of Revenue sets the base value for the district. Any growth in the property tax revenues resulting from increases in property values above the base values are collected in a special fund and used for redevelopment costs in the TAD. Only property taxes generated by the incremental increase in the values of these properties are available for use by the TAD.

What is a bond? What is a TAD bond?

A bond is long-term debt similar to home mortgage, but for a larger project and greater amount of money. A TAD bond is the mechanism through which funding is created to incentivize new development in designated areas. TAD bonds are issued to monetize the projected future increases in property tax revenues, so that funding is available to subsidize a portion of development costs up front. The TAD bonds are repaid over the life of the TAD with new property tax revenues generated by higher property values as a result of new development.

Why would local jurisdictions choose to forgo receiving increased property tax revenues in TADs?

Local jurisdictions do not forgo receiving increased property tax revenue, but instead choose to invest their future tax revenues in new development. TADs are essential for catalyzing development that would otherwise not occur. TAD funding is invested in public infrastructure and in making property developable that would otherwise not be economical to develop. Generally, developments should meet a "but for" test: but for the TAD funding, the development would not be economically feasible. Much of the property Bartow County has put

into TAD Districts is former mining property, which is very challenging to develop because of tailings, pits, ponds and other features that are byproducts of mining before there were strict environmental protection laws. TAD funding can help remediate those issues to make the property developable.

How is a TAD created?

The citizens of Bartow County approved a referendum to allow the formation of TADs in the county on May 22, 2018. This authorized Bartow County to form one or more TAD districts consistent with the requirements of Georgia's Redevelopment Powers Law (OCGA Sec. 36-44-1 et seq.) The first step is to designate a TAD boundary and prepare a TAD Redevelopment Plan to act as the business plan for the operation of the district. The plan is presented at a public hearing and then is approved by a resolution of the local government. Once the resolution is passed, the taxable value in the TAD is certified as the base value of the district by the Department of Revenue. Upon the approving the creation of a TAD, the county will typically ask the school board to review the plan and determine if they want to consent to commit their portion of the future property tax increments to the TAD by formal approval of the Redevelopment Plan.

How long does a TAD stay in effect and can it ever be dissolved once it is created?

The length of the TAD is determined by the Redevelopment Plan and approved in the resolution passed by the local government. In most but not all cases, TADs are initially approved for 25 to 30 years so they can be effectively used to secure bond financing. A TAD may be terminated earlier if all bonds are paid off and the initiating council or board votes to terminate the district.

What would happen to taxpayers if there was a default on a TAD bond?

Bonds issued in a TAD are revenue bonds and are not general obligations of the local government. Therefore taxpayers are not at risk in the unlikely event of default. Investors who finance TAD bonds understand this and typically charge a higher interest rate than on municipal bonds which are guaranteed by taxpayers.