



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 22-0557, **Version:** 1

Presentation on the First Amended Interlocal Agreements by and between the City of McKinney, Texas, and Collin County, Texas, Respectively by and between the Tax Increment Reinvestment Zone Number One (TIRZ1) and the Tax Increment Reinvestment Zone Number Two (TIRZ2)

COUNCIL GOAL: Enhance the Quality of Life in McKinney

(5D: Promote reinvestment activities in McKinney's historic downtown that balance the historic character and current market needs)

MEETING DATE: June 21, 2022

DEPARTMENT: City Manager's Office

CONTACT: Barry Shelton, AICP

ITEM SUMMARY:

- The proposed First Amended Interlocal Agreements for TIRZ #1 and TIRZ #2 will extend the term of the agreements between the City of McKinney and Collin County by 15 years, terminating in 2055.
- Following this action by the Boards, the proposed agreements will be forwarded to the Collin County Commissioners Court for action and then will be acted upon by the McKinney City Council.
- Following approval and execution of the amended interlocal agreements, the City Council will conduct properly noticed public hearings to approve ordinances extending the terms of each TIRZ.

BACKGROUND INFORMATION:

- On September 21, 2010 the McKinney City Council created Tax Increment Reinvestment Zone Number One by Ordinance Number 2010-09-034 and Tax Increment Reinvestment Zone Number Two by Ordinance Number 2010-09-035.
- The tax increment base for each district was determined as of January 1, 2010, and the TIRZ districts were set up for a period of 30 years, terminating on December 31, 2040 or at such time that all project costs, tax increment bonds, notes and other obligations of the TIRZ have been paid in full.
- The City of McKinney and Collin County entered into interlocal agreements in November 2010 whereby Collin County agreed to participate in both districts by contributing 50% of incremental county taxes.

- Funds contributed by the County to the TIRZ are limited to the development of transportation improvements and any supporting improvements, facilities, and infrastructure related to transportation improvements on property within the boundary of the reinvestment zone.

FINANCIAL SUMMARY:

- TIRZ revenues are currently being collected for 30 years from 100% of City property taxes and 50% of County property taxes generated above the baseline year assessed property values as of 2010, as well as 100% of City sales taxes above the value of the baseline year of 2010.
- As proposed, TIRZ revenues will be collected for 45 years from 100% of City property taxes and 50% of County property taxes generated above the baseline year assessed property values as of 2010, as well as 100% of City sales taxes above the value of the baseline year of 2010.
- Pursuant to the Texas Tax Code, all collected TIRZ funds may only be used to pay project costs for the TIRZ or to satisfy the claims of holders of tax increment bonds or notes issued for the TIRZ, or to pay obligations incurred pursuant to agreements entered into to implement the project plan and reinvestment zone financing plan.