



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 22-0595, **Version:** 1

Conduct a Public Hearing and Consider/Discuss/Act on an Ordinance Amending, Restating and Superseding Ordinance Numbers 2010-09-034, 2010-10-041, 2011-04-016, and 2017-01-010 Related to Reinvestment Zone Number One, Extending the Length of the Term for Reinvestment Zone Number One from 2040 to 2055.

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: July 19, 2022

DEPARTMENT: City Manager's Office

CONTACT: Barry Shelton, AICP

RECOMMENDED COUNCIL ACTION:

- Staff recommends approval of this item.

ITEM SUMMARY:

- The proposed ordinance will extend the term of TIRZ #1 by 15 years, terminating in 2055, to allow for repayment of revenue bonds.

BACKGROUND INFORMATION:

- On September 21, 2010 the McKinney City Council created Tax Increment Reinvestment Zone Number One by Ordinance Number 2010-09-034, consisting of approximately 950 acres generally in and around the historic Town Center of McKinney and along State Highway 5 from US 380 to Spur 399/US 75 Interchange.
- The tax increment base was determined as of January 1, 2010, and the TIRZ was 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 an interlocal agreement in November 2010 whereby Collin County agreed to participate in TIRZ #1 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.