

# Tax Increment Financing Reinvestment Zone (TIRZ) #3 Dissolution

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April 18, 2022



# TIRZ#3 Background

- On March 21<sup>st</sup> the City Council was briefed on the status of Tax Increment Reinvestment Zone (TIRZ) #3
- The TIRZ was established as an economic development tool to assist the Transit Oriented District (TOD) to facilitate
  - The establishment W4 rail as a commuter line
  - The creation of a commuter rail station in Burleson
- Due to a number of logistical and funding challenges, the conversion of the W4 line to a commuter rail is not likely for the foreseeable future
- To date, TIRZ #3 has yet to
  - Established a Board of Directors
  - Issue debt

# TIRZ#3 Background

- Given this, staff provided options to the City Council regarding the future of TIRZ #3
  - Dissolve the TIRZ
    - Requires approval of an ordinance
    - Fund balance and capacities return to the General Fund
  - Retain/Modify the Boundary of the TIRZ
    - Requires establishment of a Board of Directors
    - Determine desired boundaries
    - Identify initiatives to fund
- City Council provided direction to dissolve TIRZ #3



# TIRZ#3 Fund Balance and Capacities

- The fund balance of the TIRZ is \$135,654, and this number is projected to increase to \$1,704,841 by FY26-27
- The TIRZ has the capacity to issue approximately \$4.8 million in debt over the next five years
- Upon the dissolution of the TIRZ, the fund balance and capacities will return to the General Fund

# TIRZ#3 Fund Balance and Capacities

- Upon the dissolution of the TIRZ, the Council must determine how to utilize the additional capacity available within the General Fund
  - Leverage proceeds to fund additional capital projects
  - Leverage proceeds to fund new operations
  - Reduce the tax rate
  - A combination of options
- During the General Fund budget preparation and discussions, staff will prepare options and models to assist Council with determining how to best utilize this additional capacity

# Options and Recommendations

- Approve an ordinance terminating TIRZ 3, dissolving the Board of Directors, and the tax increment fund for the Zone
- Deny an ordinance terminating TIRZ 3, dissolving the Board of Directors, and the tax increment fund for the Zone