TIRZ INTERLOCAL AGREEMENTS WITH BELL COUNTY & CENTRAL TEXAS COLLEGE

February 7, 2023

Background

□ A Tax Increment Reinvestment Zone, also known as "TIRZ", is an economic development tool authorized by Chapter 311 of the Texas Tax Code, through which governments can designate a portion of tax increment to finance improvements to promote the development of a defined area, called a "Reinvestment Zone."

Background

- □ Killeen's TIRZ #2 was established on November 4, 2008.
- □ The TIRZ #2 Board consists of seven (7) members:
 - Positions One 1 through Four 4 are reserved for the City and appointed by the City Council;
 - Positions Five 5 and Six 6 are reserved for Bell County; and
 - Position Seven 7 is reserved for the Central Texas College District.

- On November 30, 2022, the TIRZ Board met and voted to expand the boundaries of the TIRZ #2, extend the duration of the TIRZ by twenty (20) years to December 31, 2048, and update the Project and Financing Plan for the TIRZ #2.
- On December 13, 2022, the City Council held a public hearing and adopted an ordinance updating the TIRZ #2 ordinance.

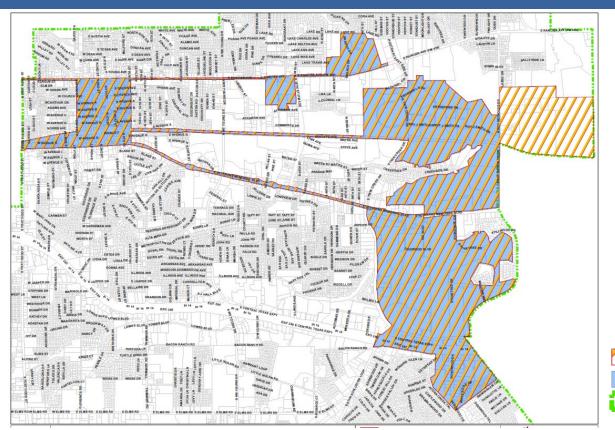
- The purpose of the Interlocal Agreements with Bell County and Central Texas College (CTC) is to set the terms and conditions for participation in the TIRZ by the other taxing jurisdictions.
- Current tax rates for the taxing entities which fund the TIRZ are as follows:
 - □ City of Killeen: \$0.6233/\$100 valuation
 - Bell County: \$0.3160/\$100 valuation
 - Central Texas College: \$0.0960/\$100 valuation

Background

Central Texas College will dedicate one hundred percent (100%) of the incremental taxes that will be generated by increased property value within the zone for the duration of the TIRZ.

Bell County will dedicate 100% of its M&O and debt service tax rate (\$0.3160/\$100 valuation), but the \$0.0233 Road District tax will not be included in the TIRZ.

TIRZ Boundary (2,468 acres)





Alternatives

- □ The City Council has two (2) alternatives:
 - Authorize the City Manager to execute a Tax Increment Reinvestment Zone interlocal agreement with Bell County and Central Texas College; or
 - Do not authorize the City Manager to execute a Tax Increment Reinvestment Zone interlocal agreement with Bell County and Central Texas College.

Recommendation

Staff recommends that the City Council authorize the City Manager to execute a Tax Increment Reinvestment Zone Interlocal Agreement with Bell County and Central Texas College.