



LOCAL ACT AUTHORITIES, AND INDEPENDENT AND DEPENDENT DISTRICTS

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LOCAL ACT AUTHORITIES



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“LOCAL ACT” AUTHORITIES

- GOVERNMENTAL MISSION- LOCAL ACT AUTHORITY TYPICALLY HAS POWERS THAT LOCAL GOVERNMENT HAS DELEGATED TO IT OR THAT ARE FOUND IN OTHER GENERAL LAW PROVISIONS LIKE THE REVENUE BOND LAW
- BEST KNOWN FOR-
 - ▶ Water and Sewer Authorities
 - ▶ Financing Traditional Public Facilities
 - Courthouse, etc.
- LITTLE KNOWN FACTS-
- Can carry out economic development projects that typically have been a governmental function
 - ▶ example- private jails
- can partner with other local authorities to deliver an economic development project
 - ▶ Example- P4 (public-to-public, for public-to-private)
 - installation-support services from private company to military base under Defense Authorization Act



FOLLOW THE RULES

- THE LOCAL AUTHORITY AND ITS POWERS HAVE TO BE BASED ON THE CONSTITUTION.
 - ▶ THE ATTORNEY GENERAL RULED "INDUSTRIAL BUILDING AUTHORITIES" UNDER A GENERAL LAW TO BE UNCONSTITUTIONAL. Op. Ga. Att'y Gen. (Feb. 15, 1963 p. 44; unauthorized issuance of revenue bonds).
 - ▶ A LOCAL ACT CANNOT CONFLICT WITH A GENERAL LAW. Ga. Const. Art. III, Sec. VI, Para. IV.
 - A CASE OUT OF ALBANY UPHELD A SPECIAL TAX FOR STATUTORY HOUSING AUTHORITIES AGAINST A CHALLENGE ON THOSE GROUNDS. *DeJarnette v. Hospital Authority of Albany*, 195 Ga. 189 (1942), reh. den. Dec. 15, 1942
 - THIS SAME RULE APPLIES WHEN THE GENERAL ASSEMBLY PASSES A LOCAL ACT TO CREATE A LOCAL AUTHORITY.



LOCAL ACT AUTHORITIES

DON'T FORGET YOUR STAKEHOLDERS

- The General Assembly does not need the consent of a local government or local authority to pass or amend a general law or a local law.
- The Governor can always veto a bill (except a resolution for a constitutional amendment).



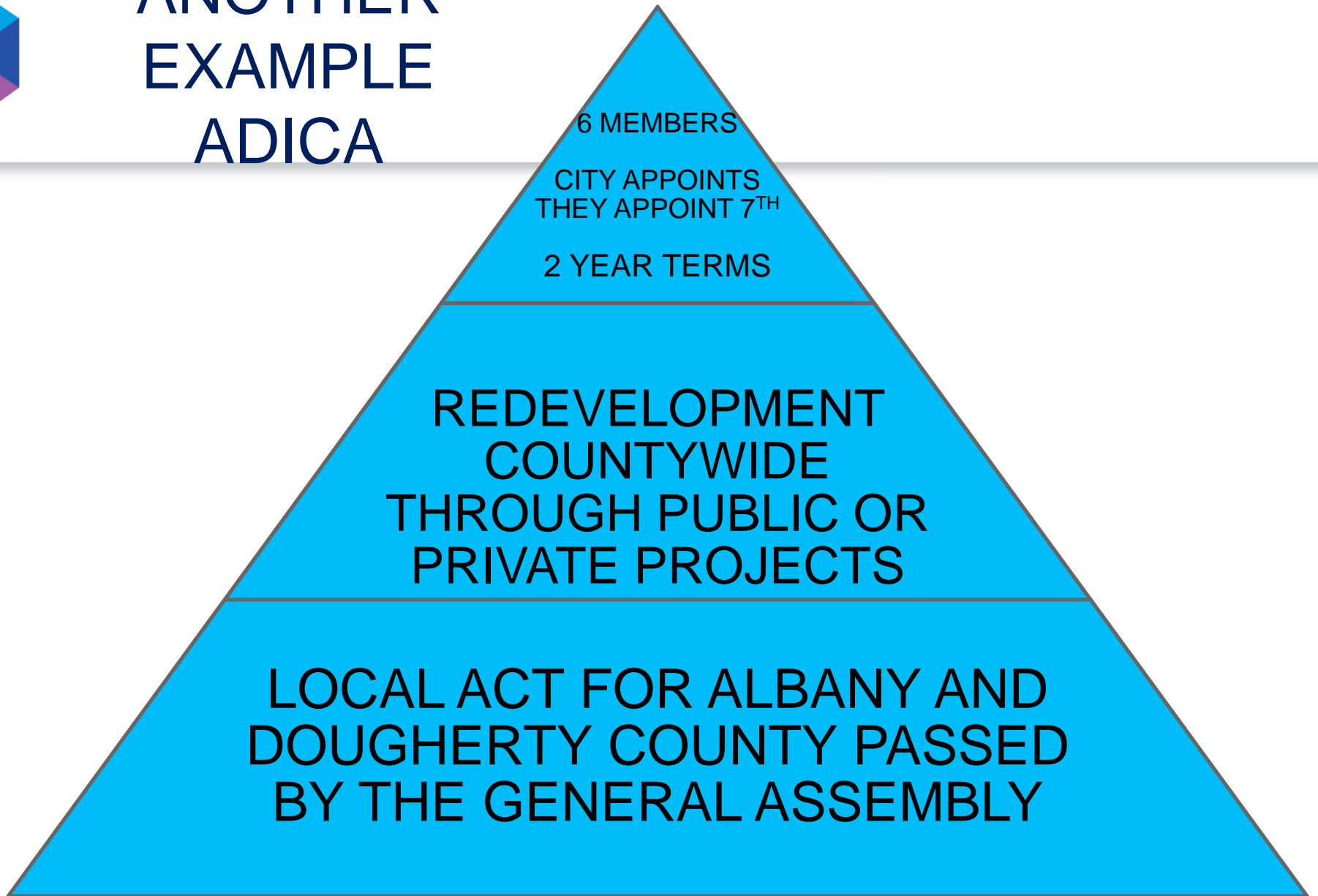
EXAMPLE

PUBLIC FACILITIES AUTHORITY

- ▶ Its local act passed by the General Assembly, for “local act” authorities
 - Example: Gwinnett County Public Facilities Authority Act (Ga.L.1975, p. 4463)
 - “The Authority is not a mere creature or arm of the county governing authority...
 - [The] Act creating the Authority is not a local [home rule] act . . . applicable to [the county]. . . which may be amended by the county commissioners...” *Wood v. Gwinnett County*, 243 Ga. 833,834, 257 S.E.2d 258 (1979)
- ▶ Local act provides for governance of Public Facilities Authority
 - members could be same as members of local development authority



ANOTHER EXAMPLE ADICA





COMPARE TO DDA

7 MEMBERS
CITY APPOINTS
4 YEAR TERMS

REDEVELOP AND
REVITALIZE
CENTRAL BUSINESS
DISTRICT

DOWNTOWN DEVELOPMENT
AUTHORITIES LAW (“DDAL”)
FOR ALL CITIES



INDEPENDENT AND DEPENDENT DISTRICTS



DISTRICT CHARACTERISTICS

Viewed nationally-

- Special districts (including local authorities) are the most common form of local government.

Community Development Districts: The Entrepreneurial Side of Government, Gina Scutelnicu (2010 FIU thesis).



WHAT IS A DISTRICT?

- SOME LOCAL PUBLIC BODIES ARE NOT AUTHORITIES
 - ▶ THEY ARE DISTRICTS
- SOME DISTRICTS ARE NOT PUBLIC BODIES
 - THEY ARE AREAS WITH SPECIAL PROGRAMS



INDEPENDENT VERSUS DEPENDENT

- IN THIS PRESENTATION –
 - ▶ DISTRICT THAT IS A PUBLIC BODY CALLED “INDEPENDENT” DISTRICT
 - ▶ DISTRICT THAT IS NOT A PUBLIC BODY CALLED A “DEPENDENT” DISTRICT, AREA OR ZONE



INDEPENDENT DISTRICTS

EXAMPLE: Community Improvement Districts

- Typical local act provides that General Assembly creates one or more CIDs within a local government but requires activation by consent of-
 - the local government (both city and county, if wholly or partially in a city)
 - the landowners within the District (a majority by headcount, and 75% by taxable value)

*local government must be administrative body or be represented on administrative body
other members of administrative body (besides local government representatives) normally elected by landowners*



DEPENDENT DISTRICTS

▶ EXAMPLES:

- **tax allocation district (TAD)** under Redevelopment Powers Law
 - the local government will designate a **redevelopment agency**, which could be a newly activated public body
- **urban redevelopment area** under the Urban Redevelopment Law
 - the local government could designate an **urban redevelopment agency, or URA**, which could be a newly activated public body



DEPENDENT DISTRICTS

EXAMPLES:

- ▶ City Business Improvement District (BID) established by a city under the City Business Improvement District Act
 - has a life of 5-10 years but can be renewed.
 - city can impose property taxes within district and can also impose a surcharge on existing business license and occupation taxes
 - requires consent of 51% of taxpayers within district, either by headcount or by taxable value (both real and personal property)
 - supplemental services include: business recruitment and development.
 - can be used to support specific project; e.g., development of commercial and entertainment district. Example: Kingsland



DEPENDENT DISTRICTS

▶ EXAMPLES:

- **special tax district** created by a city or county under Article IX, Section II, Paragraph VI of the Constitution
 - special taxes or assessments for special provision of governmental services and facilities
 - taxes/assessments must be uniform within the district
 - OK if taxpayers outside the district benefit without paying
 - OK to locate, outside the district, a facility to provide services inside the district



OPPORTUNITY KNOCKS

- EVERY TYPE OF DISTRICT IS AN OPPORTUNITY TO DEVELOP A COMMUNITY
- AND- SOME DISTRICTS ARE BIG SUCCESSES
- BUT- SOME ARE NOT
- IT'S ALL IN HOW YOU GO ABOUT IT!



CASE STUDY



STADIUM COST \$672 M

OVERALL INVESTMENT

ATLANTA BRAVES: \$372 MILLION
 LOCAL CONTRIBUTION: \$300 MILLION



**\$672 MILLION
 TOTAL**

[PERCENTAGES BASED ON NET PRESENT VALUE]

LOCAL

COBB TRANSPORTATION CONTRIBUTION:	\$14 MILLION
CUMBERLAND CID CONTRIBUTION:	\$10 MILLION
LOCAL ANNUAL CONTRIBUTIONS:*	
EXISTING HOTEL/MOTEL TAX	\$940,000
REALLOCATION OF EXISTING REVENUES**	\$8.67 MILLION
RENTAL CAR TAX	\$400,000
CUMBERLAND DISTRICT TAX	\$5.15 MILLION
CUMBERLAND DISTRICT CIRCULATOR FEE	\$2.74 MILLION

****NO INCREASE IN PROPERTY TAXES TO COBB HOMEOWNERS:** \$17.9 MILLION PER YEAR

ATLANTA BRAVES

ATLANTA BRAVES UPFRONT CONTRIBUTIONS:*	\$280 MILLION
ATLANTA BRAVES ANNUAL CONTRIBUTIONS:*	
RENT	\$3 MILLION
NAMING RIGHTS REVENUE	\$1.5 MILLION
PARKING REVENUE	\$1.5 MILLION
ADVERTISING REVENUE	\$100,000

\$6.1 MILLION PER YEAR

*ANNUAL CONTRIBUTIONS COVER PRINCIPAL AND INTEREST OF BOND ISSUANCE

ECONOMIC IMPACT

- 5,227 construction jobs with \$235,000,000 in construction earnings, \$35,000,000 of which will be in earned in Cobb County.
- 3,141 ongoing ballpark jobs, resulting in \$35,800,000 in earnings, with 1,617 of those jobs in Cobb County, resulting in earnings of \$6,232,500 in Cobb County.
- Visitor spending, resulting in 873 jobs which provide \$25,000,000 in earnings, of which \$8,906,754 will be earned in the county.

These numbers do not include the anticipated tax revenues from the planned Braves-owned mixed-use development around the stadium.



MORE ON TADs



TRUDGING UP THE POWER CURVE

- TAX ALLOCATION DISTRICTS (TADs) ARE PROBABLY THE BEST KNOWN FORM OF DEVELOPMENT DISTRICT IN GEORGIA
- TADs LAGGED BEHIND EXPECTATIONS DURING THE GREAT RECESSION
- BUT TADs ARE NOW REBOUNDED



TAD's INVOLVE A REDEVELOPMENT AGENCY

REDEVELOPMENT AGENCIES

- “Governmental mission” under the Redevelopment Powers Law: “To encourage [the redevelopment of economically and socially depressed areas], it is essential that the counties and municipalities of this state have additional powers to form a more effective partnership with private enterprise to overcome economic limitations that have previously impeded or prohibited redevelopment of such areas.”

BEST KNOWN FOR-

- Tax allocation districts (TADs) to pay redevelopment costs out of positive (property) tax increments-
 - ▶ pay/go- as increments are received
 - ▶ tax allocation bonds- forward funding through bonding



TADs ARE TRUDGING UP THE POWER CURVE

- “AS MANY AS A THIRD OF ALL ESTABLISHED TADS IN GEORGIA HAVE EITHER FAILED TO MOVE FORWARD AS A RESULT OF LACK OF INTERGOVERNMENTAL CONSENT; ARE WAITING FOR PROJECTS TO MATERIALIZE BEFORE SEEKING INTERGOVERNMENTAL AGREEMENTS; OR ARE IN NEGOTIATIONS AND HAVE NOT YET SECURED REQUIRED AGREEMENTS.
- IT IS POSSIBLE THAT THE DIFFICULTY IN CONCLUDING THESE AGREEMENTS IS AT LEAST PARTIALLY EXPLAINED BY INSUFFICIENT INFORMATION, INADEQUATE UNDERSTANDING, OR A LACK OF CONFIDENCE AMONG DECISION MAKERS CONCERNING THE NET BENEFITS AND COSTS OF THE PROPOSED TADS.”

“Survey and Analysis of Tax Allocation Districts (TADs) In Georgia”, Bleakly Advisory Group (2007)



UNDERPERFORMED: MACON'S TAD EXPERIENCE

- ACQUIRED REDEVELOPMENT POWERS IN 1986
- CREATED TAD IN 2000
- UNUSED; TERMINATED IN 2010
- BUT-
- 3 NEW TADs CREATED IN 2010 TO REVITALIZE SECOND STREET AREA

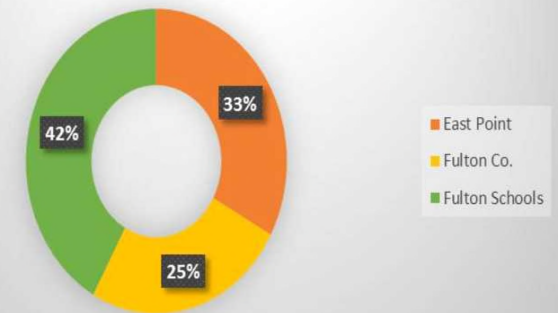


OVERPERFORMED- EAST POINT'S CAMP CREEK TAD

The Impact of TAD on East Point

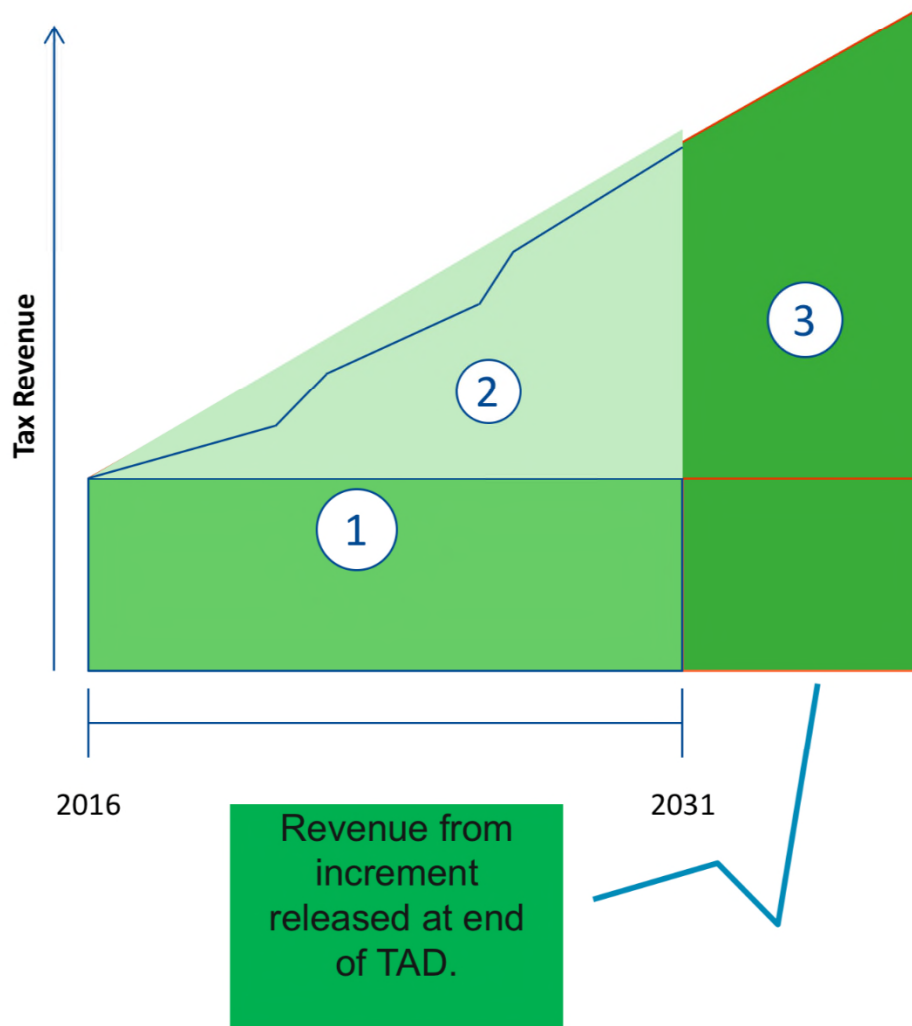
- By any measure, East Point TAD #1 has been an economic winner for the City of East Point:
 - Jobs—Created over 3,000 jobs and \$109 million in annual payroll
 - Tax Digest- Increased assessed values by \$85 million or 22 times greater than when TAD formed
 - Retail Sales--Stimulated over \$165 million in annual retail sales
 - Generated a surplus of \$58.5 million local revenues in 20 years-
 - \$19 million surplus to East Point
 - \$15.5 million surplus to Fulton County
 - \$24 million surplus to Fulton Schools
 - Commercial TADs are clearly an economic winner for Georgia Cities, Counties and School Districts

TAD Funds by Jurisdiction





TADs ONLY USE NEW TAX REVENUE FROM THE DISTRICT



1. Revenues from the existing tax digest are not affected by a TAD.
2. TADs draw on new revenues from taxable additions to the tax digest.
3. When the TAD is terminated, the addition of new revenues to old revenues can be a windfall to the taxing authorities.



TADs: LITTLE KNOWN FACTS

- ▶ Property taxes are neither abated nor increased just because of a TAD.
- ▶ In a proper structure, TAD proceeds can be used to pay redevelopment costs related to any new or existing building or other facility for use in any business, commercial, industrial, governmental, educational, charitable, or social activity.
 - This can include, for example, in a proper structure costs of facades or other private construction costs; example, Winecoff Hotel (now Ellis Hotel) in Atlanta's Westside TAD



TADs: LITTLE KNOWN FACTS

- ▶ Besides positive (property) tax increments, other general funds of the TAD district can be used, if necessary, to repay tax allocation bonds. This includes, for example-
 - All property tax revenues of district
 - local government's share of LOST (from district)
 - business license fees (from district)
 - hotel/motel taxes (from district)
- This means that larger tax allocation bonds can be issued and more money is available sooner to pay redevelopment costs.
 - ▶ very important with projects, such as a shopping center, that generate sales and use taxes; e.g., Clayton County's TAD for Ellenwood Town Center



CONCLUSION



DECISIONS, DECISIONS

- IN ORDER TO MAKE A LOCAL AUTHORITY OR A DISTRICT A SUCCESS, GOOD DECISIONS HAVE TO BE MADE
 - ▶ BY THE LOCAL GOVERNMENT- IF IT'S A DEPENDENT DISTRICT
 - ▶ BY ITS GOVERNING BODY- IF IT'S A LOCAL AUTHORITY OR AN INDEPENDENT DISTRICT



MORE INFORMATION



QUESTIONS?

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FOR MORE INFORMATION

- THIS PRESENTATION AND MY WHITE PAPERS ON ECONOMIC DEVELOPMENT AND OTHER TOPICS CAN BE DOWNLOADED

at <http://danmcrae.com/whitepapers>



SCOPE

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