



Inspector General Insights

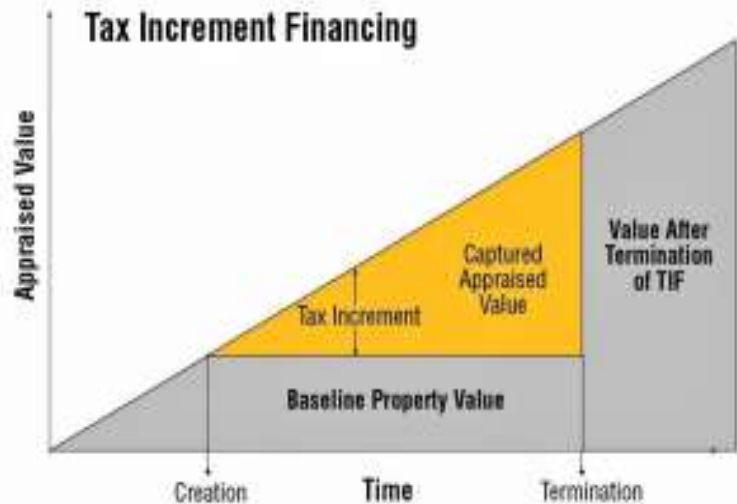
From the Clerk's November 2020 Newsletter

Background: Tax Increment Financing (TIF) is a funding mechanism available to local government for redevelopment purposes and not for general purposes.

Upon creation of the district, the taxable value of the base year within the respective Community Redevelopment Area (CRA) or Innovation Zone (IZ) is frozen. The tax increment is the amount of taxes generated from increased property values within the district in excess of the base year.

The tax increment is then used to fund projects and programs designed to improve conditions within the designated areas and spur further redevelopment or job creation. The restriction of funds to defined CRA or IZ areas reduces funds that would otherwise be available to fund general government activities such as law enforcement, parks, and libraries. These designations could result in increased millage rates to compensate in the general fund.

Property tax revenue collected by school boards, fire districts and other special districts are not affected by the TIF process.



| Recipient Fund #; Contributing Fund # (General Fund = County-wide, while MSTD = Unincorporated Area Only) | Years Funded (FY to FY) | TIF Contribution (FY 2021) | TIF Contribution (Cumulative) |
|---|---------------------------|----------------------------|-------------------------------|
| Naples CRA; General Fund (001) | 27 (FY 95 – FY 21) | \$ 4,446,900.00 | \$42,877,776.45 |
| Immokalee CRA Fund (186); General Fund (001) | 21 (FY 01 – FY 21) | 728,400.00 | 8,478,772.00 |
| Immokalee CRA Fund (186); Municipal Service Taxing District General Fund (MSTD Fund) (111) | 21 (FY 01 – FY 21) | 164,900.00 | 1,830,263.00 |
| Bayshore/Gateway CRA Fund (187); General Fund (001) | 21 (FY 01 – FY 21) | 1,915,000.00 | 22,198,773.00 |
| Bayshore/Gateway CRA Fund (187); MSTD Fund (111) | 21 (FY 01 – FY 21) | 433,500.00 | 4,776,444.00 |
| Ave Maria Innovation Zone (182); General Fund (001) | 5 (FY 17 – FY 21) | 92,500.00 | 343,700.00 |
| Ave Maria Innovation Zone (182); MSTD Fund (111) | 5 (FY 17 – FY 21) | 21,000.00 | 78,000.00 |
| Golden Gate City Economic Development Zone Fund (782); General Fund (001) | 2 (FY 20-FY 21) | 1,177,700.00 | 2,022,000.00 |
| Golden Gate City Economic Development Zone Fund (782); MSTD Fund (111) | 2 (FY 20-FY 21) | 266,600.00 | 457,800.00 |
| Interchange Activity Center No. 9 Innovation Zone Fund (783); General Fund (001) | 2 (FY 20-FY 21) | 314,000.00 | 485,400.00 |
| Interchange Activity Center No. 9 Innovation Zone Fund (783); MSTD Fund (111) | 2 (FY 20-FY 21) | 71,100.00 | 109,900.00 |
| Cumulative Total – All Funds | 27 (FY 95 – FY 21) | \$ 9,631,600.00 | \$ 83,658,828.45 |
| Cumulative Total – From Collier General Fund | 27 (FY 95 – FY 21) | \$ 8,674,500.00 | \$ 76,406,421.45 |
| Cumulative Total – From Collier MSTD General Fund | 21 (FY 01 – FY 21) | \$ 957,100.00 | \$ 4,252,407.00 |

Objective: To update the public on TIF financing and the related impact on these specialty tax districts.

Observations: Are there Community Redevelopment Areas (CRA) in Collier County?

Florida Statute Chapter 163 Part III authorizes local governments to establish CRAs for the purpose of improving specific sections within a community that are significantly distressed and blighted, using TIF. In Collier County, there are three Community Redevelopment Areas:

1. City of Naples CRA - Established in 1994 by the City of Naples Council the original designation was set to expire in 2024, however, in January 2014 the Naples City Council extended the sunset date to September 30, 2044. The Naples CRA receives revenue from both the City and the County, based on the increase over the 1993 base property tax value.
2. Bayshore/Gateway Triangle CRA - Established in 2000 by the Board of County Commissioners for a 30-year period and will run through 2030 unless terminated or extended by Commissioners.
3. Immokalee CRA - Established in 2000 by the Board of County Commissioners for a 30-year period and will run through 2030 unless terminated or extended by Commissioners.

The Collier County Board of County Commissioners (BCC) serves as the governing board for both CRA districts located in the county's jurisdiction, while the Naples City Council is the governing board for the Naples CRA district. An important role of the governing boards is to create a redevelopment plan for each district that addresses the district's unique needs, and then to ensure that projects and expenditures remain consistent with that plan.

Are there Innovation Zones in Collier County?

The Collier County Board of County Commissioners created the Innovation Zone program in 2010 for the purpose of promoting economic development. Innovation Zones function in a manner similar to a CRA. The Board established three Innovation Zones in areas deemed to be underdeveloped and economically lagging. Like a CRA, the establishment of an Innovation Zone provides the means to generate money to pay for projects that are intended to spur economic growth within the boundaries of the zone using TIF.

In Collier County, three Innovation Zones have been established by the BCC:

1. Ave Maria Innovation Zone (2015) - Expiration date: September 30, 2021
2. Interchange Activity Center No. 9 (2018) - Intersection of I-75 and Collier Blvd. Expiration date: September 20, 2028
3. Golden Gate City Economic Development Zone (2018) - Covers areas within Golden Gate. Expiration date: September 30, 2029

Note: Innovation Zones must not be confused with Opportunity Zones. The Opportunity Zone Program is a federal program designed to encourage private investment in economically distressed areas.

| Total # Transactions | Amounts Audited or Reviewed | Questioned Costs | Taxpayer Savings | Observations / Recommendations |
|----------------------|-----------------------------|------------------|------------------|--------------------------------|
| 27 | N/A | N/A | N/A | N/A |