



COURT COMMUNICATION ITEM

Item Description

Discussion and any action regarding Collin County participation in City of McKinney TIRZ Zone # 1 Town Center.

Background on Item

McKinney TIRZ Zone #1 is the Town Center consisting of approximately 946 acres of property. On September 21, 2010, the City of McKinney Council voted unanimously to approve Zone #1 with the tax year beginning on January 1, 2010 (base year) and terminating on December 31, 2040, unless terminated earlier by all parties.

The City approved 100% of property taxes levied and collected by the City for that year on the Captured Appraised Value of real property taxable by the City. The Captured Appraised Value of real property taxable by the City for a year is the total appraised value of all real property taxable by the unit and located in the TIRZ for that year less the Tax Increment Base.

City sales and use tax allocation to TIRZ Zone #1 went before City Council on Tuesday, October 19th and approved the allocation of 100% of the sales and use taxes collected by the City within each respective TIRZ, determined as of January 1, 2010, the year in which the TIRZ was designated as a reinvestment zone.

McKinney TIRZ Zone #1 Proposed Project Plan includes State Highway 5, parking facilities, development/redevelopment of buildings, transit improvements, remediation of vacant/underutilized sites and mixed income housing support.

Financial Information

TIRZ Zone # 1 taxable value in tax year 2009 was approximately \$218.65 million. The City of McKinney assumed a medium growth rate of property taxes (at a rate of \$0.2425) and 50% participation by Collin County to arrive at a total of \$16.3 million of property taxes from Collin County. Year 1 (2011) is estimated at \$16,146 growing to \$1,197,156 by Year 30 (2040).

A moratorium was issued on Tax Abatements and TIRZ/TIF in January 2009 upon approval of a policy. To-date, no policy has been adopted for TIRZ/TIF.

TIRZ Zone participation for FY 2011 is budgeted at \$2.59 million. Last year (FY 2010) Collin County spent \$2.85 million in TIRZ Zone Participation. Collin County spent \$2.81 million in FY 2009.

Collin County currently participates in six TIRZ Zones; 2 in Plano and 1 each in Frisco, Allen, Melissa and Prosper.