

# Quick action is planned on TIF

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## City, firm hope to apply by end of August

By [Owen Covington](#)

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FRANKFORT -- A local development firm and the city of Owensboro are hoping to submit an application to the state by the end of August to establish a "signature" tax increment financing district with an investment of close to \$400 million.

Gulfstream Enterprises LLC and the city got their first look at that application Wednesday after the State Tax Increment Financing Commission approved regulations that will govern what projects are eligible for the use of state tax dollars.

"We've been working the past several weeks in anticipation of the application," said Drew Augenstein, vice president and COO of Gulfstream Enterprises. "There's a tight window of opportunity, and we want to get in."

Gulfstream is proposing a 200-acre development north of Kentucky 54 at the U.S. 60 bypass that would include a retail center, business offices and residential units, as well as a convention center and indoor events center.

The development, dubbed Gulfstream Commons, is expected to include private investment of \$210 million along with a public projects investment of \$180 million.

If the area is established as a "signature" TIF district by the state, the expected increase in state and local taxes within the district spurred by the development could be used to pay off bonds used to finance the project.

The development could receive state and local property taxes as well as state income and sales taxes for a period of up to 30 years, after which time local and state government would begin receiving all tax revenue in the district again.

Gulfstream and the city are hoping to have the project approved before a Jan. 1 deadline after which any project would have to submit additional financial studies to the state and the retail portion of the development would be limited to 20 percent.

Laura Ferguson, staff attorney with the state Finance and Administration Cabinet, said the application should be available in the "near future" as soon as Gov. Ernie Fletcher signs the regulations approved by the TIF Commission on Wednesday.

Once the application is approved by the governor, the state Department of Revenue will begin accepting and reviewing the applications, Ferguson said.

The commission will meet again on Aug. 15 to review a regulation regarding the use of state income taxes by TIF districts, but applications can be made prior to that meeting. Augenstein said they will wait to file an application until those final regulations are approved.

Revenue Commissioner John May said how long it takes the department to review each application before submitting it to the TIF Commission for its consideration will depend on the size of the project and the number of state taxes the project is applying to receive.

When applying, the city and developer must explain why the development is needed, why financing assistance is necessary, how much investment in capital and public improvements will occur and how much tax revenue will be generated by the district.

"We have really gone to lengths to try to make it user friendly and easy," May said of the application.

The "signature" TIF application is for projects with at least \$200 million in investment and are eligible to receive the largest variety and amount of state tax dollars.

May said he is aware of only three other "signature" TIF proposals being developed around the state besides Owensboro's proposal. Louisville is considering the Museum Plaza project, Newport in northern Kentucky is considering the Ovation project, and Bowling Green is developing a TIF district proposal in its downtown.

Before the application is submitted, the Owensboro City Commission will have to pass an ordinance establishing the tax increment financing district and a local participation agreement that will outline what local tax revenues will be committed to the project.

The City Commission must also make findings of fact that the development area is not "reasonably expected" to be developed without public assistance and that the public benefits of the district justify the public costs.

Owensboro City Manager Bob Whitmer said the City Commission could take those required actions at its two meetings in August that would allow the city and developer to submit the application by the end of August.

"We want to be able to go as soon as possible," Augenstein said.

More information about tax increment financing is available at the Kentucky Finance and Administration Cabinet's Web site at <http://finance.ky.gov/TFI.htm>.