

# TIF proposal gets city support

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## Kentucky 54 project includes convention center, arena

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The Owensboro City Commission on Tuesday night committed its support to a 185-acre tax increment financing district along Kentucky 54 being proposed by development firm Gulfstream Enterprises LLC.

The project is expected to bring a total investment of \$390 million with public improvements of about \$180 million, including a convention center and arena, according to a statement by Gulfstream released after the meeting.

Mayor Tom Watson said the memorandum of agreement approved by the commission will allow plans for the project to take shape in preparation to submit it to the State Tax Increment Financing District for its consideration.

Exactly what the development will include and how it will be funded has to be worked out in the coming months and receive state approval by the end of the year to take full advantage of tax increment financing (TIF) opportunities, Watson said.

"They (the state) are really looking for the city to be solidly behind this proposal," Watson said. "This is a process that's going to take some time. It's going to take some support."

The memorandum approved by the commission prohibits the city from partnering with any other groups interested in submitting a tax increment financing proposal to the state within the next year.

That restriction rules out any formal city support for a downtown TIF district being proposed by the Downtown Development Corp. before July 1, 2008.

Terry Woodward, Downtown Development Corp. chairman, said he hadn't read over the details of the memorandum, but said the group plans to make its downtown plan public later this week. The group was formed last fall to come up with a vision for downtown, and Woodward said that has been achieved.

"We've done what we were asked to do," Woodward said. "Obviously, our group, we're not qualified to tell exactly how to fund it."

With Tuesday night's action, the city and Gulfstream will move forward in seeking an official designation of the district, which is proposed to be north of Kentucky 54 East adjacent to the U.S. 60 bypass.

According to the proposal submitted by Gulfstream to the city, the district would contain a 135,000-square-foot convention center, a 6,000-seat arena, a 150,000-square-foot medical/professional office complex and more than 500,000 square feet of retail space.

Gulfstream said in its statement that the arena, convention center and other public facilities will be built without "raising taxes or creating risk for the taxpayers and citizens of our community."

If the district is approved by the state as a "signature" TIF district, meaning it has an investment of more than \$200 million, local and state tax revenue from property, income and sales taxes could be used to help pay off bonds needed to fund public improvements, such as the convention center or arena.

The idea is that the development will drive up property values and increase sales and other tax revenues within the district, and those increased revenues, or tax increments, will be used to pay off project bonds.

Commissioner Cathy Armour said the city cannot afford to pass up the opportunity to move ahead with a signature TIF proposal because of the state tax dollars it would bring back into the community.

Gulfstream estimates that each local tax dollar generated by the district will be matched by \$4 from the state under the signature TIF guidelines.

"We've been offered a way to pay for some of the capital projects that we've been hoping for, that we need, that we want," Armour said. "This we can do without a tax increase."

Commissioner Al Mattingly Jr. pointed out that the tax revenues devoted to the project will not come from current revenues, but only those increases fueled by the development.

"It's an awfully good deal," Mattingly said. "This is an opportunity to not have to go to the state and beg for money."

Commissioner Candance Castlen Brake was not at Tuesday night's meeting and couldn't vote on the measure, which passed 4-0, but sent a statement in which she said she opposed the memorandum because of the exclusivity provision.

Rodney Berry, president of the Public Life Foundation, spoke at the meeting against the memorandum because he believed it limited the city's options to take advantage of tax increment financing.

Berry also urged the commission to solicit public comment and input on the tax increment financing proposal, an idea Armour also said was needed.

"We really need to reach out and welcome meaningful public input on this," Berry said.

The State Tax Increment Financing Commission, which must approve any signature TIF district, meets next on July 25 and is expected to approve application guidelines at that meeting.