

# Distressed TID Legislation

## Distressed TID Legislation

- Designating a TID as “distressed” extends the maximum life of the TID up to 10 years
- A “severely distressed” TID can be extended up to 20 years with a maximum life of 40 years from the original creation date
- The two year window to designate a TID as distressed will sunset on September 30, 2011.
  - The window began on the statutory effective date of October 1, 2009 and will sunset two years later
- Requires project plan amendment of the TID

## Eligibility

- Governing body adopts a resolution finding that the TID project costs incurred exceed the revenues that the TID is expected to generate during its life
- A TID must have been in existence for at least seven years before the governing body adopts the resolution to declare a TID distressed
  - A TID created after September 30, 2004 will be ineligible for the distressed designation
- The project plan for the TID cannot have been amended after October 1, 2009 other than for the designation as a distressed TID
- Additional requirement for “severely distressed”:
  - A TID’s value increment in any year must have declined at least 25% from the TID’s highest value increment as determined by the Department of Revenue

## Benefits

- TID revenues can continue to be collected 10 years after the original required closing date (up to 20 years for a TID designated as “severely distressed”)
- Distressed TIDs are eligible to become recipient TIDs – sharing revenue from donor district(s):
  - Previously “Industrial TIDs” and “Mixed-Use TIDs” were not eligible to be recipient districts
- The life of donor TIDs can be extended for up to 10 years to support a recipient TID (up to 20 years for a TID designated as “severely distressed”) – not to exceed distressed TID’s life
  - Requires project plan amendment of the donor TID

## Restrictions

- TIDs declared as distressed may not:
  - Make any expenditures after its original expenditure period ends
  - Amend its project plan to add more projects
  - Become part of a TID with overlapping boundaries
  - Expend funds outside of its boundaries
  - Add territory
  - Become a donor TID

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Great outcomes.  
Done well.