

City Council Agenda Item Memo

From: Mike Struck, Community Development Director

Council Meeting: June 25, 2024

Subject: Resolution 24-069: Dissolution of TIF #1

Person(s) Responsible: Mike Struck, Community Development Director

Summary:

Staff recommends approval of this Resolution dissolving Tax Increment District #1. All project costs associated with Tax Increment District #1 have been satisfied as of June 1, 2024 and no further costs are associated with the project. This is a required process to dissolve the district according to SDCL 11-9-46.

Background:

Tax Increment District #1 was created on May 8, 2007 to assist in the infrastructure improvements for the Research Park. The Research Park is an economic development project in which infrastructure improvements made 125 acres available for shovel-ready sites for business and industry. The project costs associated with the installation of the water, sanitary sewer, streets, curbing, pavements, street lighting, fire hydrants, and storm drainage was \$4,399,000.

Tax Increment District #1 expenses were paid in full as of June 1, 2024. Any funds remaining in the Tax Increment District #1 account will be reimbursed to the appropriate tax entities, such as Brookings County, Brookings School District, City of Brookings, and East Dakota Water Development District.

Item Details:

The project costs associated with Tax Increment District #1 have been satisfied. Approval of the resolution will dissolve Tax Increment District #1 and the property taxes generated from the economic development within the district will be distributed to the appropriate tax entities.

Legal Consideration:

South Dakota Codified Law 11-9-46, Termination of District, provides the guidance to dissolve a Tax Increment District.

11-9-46 Termination of district.

The existence of a district shall terminate when:

- (1) Positive tax increments are no longer allocable to a district under SDCL 11-9-25;
- or

- (2) The governing body, by resolution, dissolves the district, after payment or provision for payment of all project costs, grants, and all tax increment bonds of the district.

Strategic Plan Consideration:

None.

Financial Consideration:

Project costs associated with Tax Increment District #1 have been satisfied based upon the positive tax increment generated from the project.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a study session
5. Discuss / take no action / table

Staff recommends approval.

Supporting Documentation:

Memo

Resolution

Map