



# MEMO OF SUPPORT

## S.4464-A (Mayer) / A.838-A (Solages)

*Relates to the organization of industrial development agencies*

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The organizations listed above – representing teachers, superintendents, parents, school administrators, school business officials and school board members – **strongly support** this legislation and encourage your approval.

The bill would make reforms to the current Industrial Development Agency (IDA) structure by requiring each IDA board to have representation from at least one school board member or superintendent within the IDA's jurisdiction. The bill would also require representation from at least one local labor organization. Importantly, the bill does this by increasing the maximum number of seats on an IDA board – from seven to nine – in order to accommodate the additional representation without impacting current seats, should the IDA wish to pursue that approach.

IDAs were created with the goal of promoting and developing the economic health of their communities. A common way this goal is accomplished is by entering into payment-in-lieu-of-taxes (PILOT) agreements with businesses in support of developments and other projects. However, current law requires minimal specific engagement or interaction between an IDA and a school district prior to an IDA's review and acceptance of PILOT applications. Such PILOT agreements often include multi-million-dollar reductions in the amount of property taxes a school district would otherwise receive if the property were on the tax roll. In addition, PILOT revenue also directly impacts a school district's property tax cap calculation. New PILOT revenue creates a dollar-for-dollar reduction in a school district's tax cap and can, on occasion, lead to negative tax caps.

This legislation would provide for a basic level of representation on IDA boards by requiring membership of at least one school board member or superintendent (or designee) from a school district within the jurisdiction of the IDA. Currently, school district representation on IDA boards is explicitly permitted but not required in the applicable statute, with the vast majority of IDA boards populated by members of the business community and other local government officials. In recent years, less than half a dozen of the over 100 IDAs in the state had a board member who also actively served on a school board.

Given the direct relevance and scope that PILOT agreements have on school district budgets, it is important to create greater levels of representation in the IDA process. This legislation would take a meaningful and important step in that direction.

Therefore, our organizations **fully support** this legislation and urge you to do the same before this year's legislative session is complete.