GEDA: Best Practices for Development Authorities

Georgia Constitution: DEVELOPMENT AUTHORITIES

A. Georgia Constitution – Article IX, Section VI, Paragraph III – Development authorities.

The development of trade, commerce, industry, and employment opportunities being a public purpose vital to the welfare of the people of this state, the General Assembly may create development authorities to promote and further such purposes or may authorize the creation of such an authority by any county or municipality or combination thereof under such uniform terms and conditions as it may deem necessary. The General Assembly may exempt from taxation development authority obligations, properties, activities, or income and may authorize the issuance of revenue bonds by such authorities which shall not constitute an indebtedness of the state. (paragraph continues in the Georgia Constitution)

BEST PRACTICES

- Establishing an Economic Development Incentive Policy - a written policy of what project opportunities will be eligible for a local property tax incentive

- Have representation from the governing authorities on the board – either as a member or ex officio.

- Keep the school board(s) informed of projects – Invite Superintendents to economic development meetings and strategic planning.-

- Educate members of the media, community leaders, and elected officials on economic development and continue the relationship.

- Have a performance and accountability requirement for expectations from the company within a defined timeline (a “test” date). Include a remedy (clawback provisions) for if they don’t fulfill their commitments.

- Engage with representatives of the tax jurisdictions as part of the approval process before a proposal commitment: city, county and schools

- Consider whether a fiscal impact analysis would be helpful in the initial approval process, and if an economic impact analysis could be important information for evaluating the effectiveness of the economic development incentive in annual reports and the GASB 77 requirement as additional information.

GASB 77 – Tax Abatement Disclosures - Requires development authorities to notify local governments, including school districts, annually about tax abatement transactions.

- Perform annual review of incentives with tax assessor and tax commissioner.

- Work with the local assessor to differentiate investment/cost vs. the fair market value basis for property taxes.

- Have an annual audit of the Authority finances.

- Participate in GEDA to stay abreast of local and statewide issues – this allows us to step in and support or oppose legislation that might be detrimental to economic development.