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## **Senator: TIF Bill Stemmed from Madison Co. 'Debacle.'**

State Sen. Joey Fillingane said as the result of a recent "debacle" concerning an economic development project in Madison County, Trustmark Bank has pulled its participation from similar projects in the state.

Fillingane, R-Sumrall, said that's what prompted him to author Senate Bill 2550, which allows (but does not mandate) cities and counties to use general fund or other taxpayer money to make tax increment financing bond payments when in danger of defaulting.

TIF bonds are a financing option that allows counties and municipalities to borrow money to fund an economic development project based on the taxes the project would generate in the future. The payments are made off taxes from the property itself and adjacent lands, not regular taxpayer money.

In October, Madison County was unable to pay its November bond payment of \$90,000 for its Galleria/Parkway South TIF bond. The county made the decision to restructure the payments in order to avoid default.

"Because of that debacle, the bank is protecting itself and saying, 'We don't want to get ourselves or our stockholders back into that situation again,' " Fillingane said.

Trustmark did not directly answer whether it has made any such decision or whether the Madison County project affected any others in the state.

"Trustmark has a long history of participating in the Tax Increment Financing market in Mississippi. The method of financing is not the issue; it's the underlying, individual project that determines if Trustmark has an interest," Barry Harvey, Trustmark's executive vice president and chief credit officer, said in an emailed statement. "We will continue to look at each Tax Increment Financing transaction on its own merit and participate in the projects we feel are viable."

Madison County Board of Supervisors attorney Mike Espy said in October the biggest revenue loss came from a single building owner who lowered his property tax liability, thus decreasing his payments. The county also made an error putting tax-forfeited properties in the TIF area.

This week, however, Espy said the building owner who had his tax liability lowered recently paid money from back taxes to Trustmark. County Administrator Mark Houston also said the county is getting a "little bit better collections" than expected since making the decision to restructure.

Commercial real estate attorney Ron Farris said Trustmark's reported decision not to participate in TIF bonds in the state has hurt two major projects in Hattiesburg.

"It has impaired and hurt people in two major projects in Hattiesburg in terms of delay, cost and unmet expectations," Farris said. "It's a big threat to the commercial real estate industry in Mississippi."

Farris was involved in the proposed plan for the Galleria TIF in its early stages.

Fillingane's bill would also mandate county and city officials be provided separate tax rolls that identify any changes in valuations for properties associated with bonds so as to prevent a property's valuation and thus its tax revenue from being decreased.

The bill has passed out of the Senate Finance Committee and will be voted on by the Senate.

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