

SPEAKER LUEDTKE: Senator Koch.

SENATOR KEYES: Senator Koch, in the intent, it says that you can create a blighted area, create an area which is blighted and then you can issue money bonds or notes for the purpose of acquiring and improving substandard blighted areas. Now after you get this blighted area bought, tore down, these bonds will be used to buy that land and tear down the buildings that is on it, and then you sell the land at whatever you want to to the structure that is going on it. You will use the increased taxes on this building that goes on there to pay off the bonded indebtedness against the property that you have bought and tearing down the building. Will you use this tax money that comes in to pay off the notes and the notes that are put out to build the building? I want to get this straight. You are not going to use the increment taxing, you are not going to use that to pay off the notes, the bonded indebtedness against the building but only against the demolishing and the buying and purchasing of the land, is that right?

SENATOR KOCH: That increased tax which would accrue there because of the improvements would be used to redeem the debts that have been assumed by the developer and by the community.

SENATOR KEYES: In other words, if he puts up a two million dollar building, we are going to let the increment taxing pay off the two million dollars or just the (interruption).

SENATOR KOCH: That applies against the bonds.

SENATOR KEYES: The bonds that are used to build the building or used to buy the land and tear down the buildings.

SENATOR KOCH: It will be used for the purpose of the development, that is right. The developer is the one actually who is going to be paying. We are going to seek a developer, not the city. The city is merely the one who is going to define the area. The developer then is the person who pays the hundred percent of the taxes and those taxes are applied against those bonds that are used for the purpose of the building. In fact, the developer even helps to pay for any improvements made for sanitary sewer and other types of services that necessarily accompany any kind of a development.

SENATOR KEYES: Then there would be just like an SID, the bonds that are issued on the SID or the bonds that are issued on the new Woolworth's store, say they are going to put a Woolworth store on it, would the bonds pay off, would the increment taxing, the money that would come in from the increased valuation be used to pay off the bonds on the store or the bonds on the building and tearing down what was there at the time of purchasing it?

SENATOR KOCH: All right, yes, the city, what they do after they define the area, they will then be able to sell tax increment bonds for the purpose of the acquisition and the clearing and the improvement thereof. The developer, naturally, there would be one of those before you would do that. The developer, then, is responsible for paying the increased taxes which will accrue to the development and those taxes, for the period of time that we define, and no greater than that period of time, would apply to the costs