



# Called City Commission Meeting Highlights with McCracken County Fiscal Court

Tuesday, February 19, 2019, at 5 p.m. at City Hall

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## Tax Increment Financing District Project Presentation

Casey Bolton of Commonwealth Economics Partners made a presentation to the Paducah Board of Commissioners and the McCracken County Fiscal Court regarding the development of a Tax Increment Financing District (TIF) in downtown Paducah. A public hearing also was held to gather input from the community.

Commonwealth Economics has completed a Tax Increment Financing (TIF) Impact Analysis for a TIF project which would incorporate approximately 315 acres of downtown Paducah and the riverfront. A portion of the Impact Analysis states, "The City of Paducah will be working with various developers to complete the project in Paducah through a mixture of public and private investment. The aim is to redevelop and connect vacant properties in the downtown area to Paducah's riverfront, while also developing the necessary public infrastructure and new supportive uses on a handful of adjacent lots that are build ready. This will attract and support a greater level of density and vertical development throughout the City which will spur additional event and business activity."

A TIF district does not change the way property or businesses are taxed or how taxes are collected. First, the baseline revenue is calculated on the applicable properties in the district. This is the amount of taxes currently collected. Then, once a TIF is created and public and private projects are implemented within the boundary of the TIF district, the tax revenue in excess of the baseline is reinvested in the district. It's a way to capture taxes and reinvest the funds into the district to promote development. The taxes that can be used for reinvestment include state sales tax, property tax, individual income tax, and corporate tax in addition to local property and payroll taxes.

Judge Executive Craig Clymer emphasized, "This is not an increase in tax rates. There is no part of this that's a tax increase. Plus, we get to keep X-amount of revenue that would be going to the State."

City Commissioner Sandra Wilson said, "This is really to promote development. That's the bottom line, to promote private development." City Commissioner Gerald Watkins added, "It's an opportunity to have development in this area and to create jobs."

The City and County are looking at a mixed-use TIF district authorized under KRS 154.30. To qualify, the area must meet at least three of the seven qualifying conditions. A project in downtown Paducah could qualify based on the following three characteristics: 1) A substantial loss of commercial activity has occurred; 2) Public improvements and public infrastructure are inadequate; and 3) There is a combination of factors that substantially impairs growth and economic development of the development area. Also for a mixed-use TIF, there must be capital investment between \$20 and \$200 million.

Based on the anticipated projects for a TIF in downtown Paducah, Commonwealth Economics calculated that the total project would cost \$156 million with \$99 million of that amount from private development. Anticipated projects could include riverfront enhancements, conversion of the former Showroom Lounge into event space, new restaurants and retail, residential housing, additional hotel rooms, redeveloped manufacturing space, art house/theater, parking, and various other infrastructure improvements. Commonwealth Economics estimates that the additional tax revenue that could be collected over a 20-year period if these projects come to fruition (the increment) could total nearly \$94 million.

Both government bodies discussed entertaining resolutions in support of developing a TIF District in downtown Paducah at their upcoming meetings. Looking ahead, the next steps would include the approval of an interlocal cooperation agreement between the two governments, the approval of a TIF ordinance, and an application to the Kentucky Cabinet for Economic Development.



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### **Columbia Theatre Restoration Presentation**

Darlene Mazzone and Hal Sullivan representing Paducah Art House Alliance (PAHA) made a presentation regarding the efforts to restore the Columbia Theatre located at 510 Broadway. The plan is to turn it into an art house to serve as a venue for foreign and independent films, an educational space for workshops and activities, and a space to hold live performances and special events.

Over the past few years, numerous volunteers and PAHA have worked on several projects including cleaning out the facility, salvaging architectural items, restoring the original fire curtain, and conducting abatement.



PAHA has solicited bids for the Phase I restoration of the building which would stabilize the facility and restore the façade. PAHA is asking the City and County to assist by approving the use of a portion of the Transient Room Tax (also called the Hotel Tax) to fund a bond for the \$1.5 million Phase I project. Both government bodies would like to see financial information on the current commitments for the Transient Room Tax before making a decision.

The Columbia Theatre was built in 1927 but closed to the public approximately three decades ago. PAHA is the governing board of the Columbia Theatre Restoration Project and oversees the Maiden Alley Cinema Advisory Board. This art house project will allow for an extension of the current programming model of Maiden Alley Cinema.

### **Future Meetings Between City and County**

The City and County elected officials discussed holding joint meetings on a more regular basis to discuss a variety of topics. Tentative dates for joint meetings are March 19 and April 16.

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