SEYFARTH SHAW LLP
ATTORNEYS

DEVELOPMENT AUTHORITIES AND FINANCING ECONOMIC DEVELOPMENT

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GLOSSARY

- DA = development authority
- DDA = downtown development authority
- JDA = joint development authority
- Statutory = created under the Development Authorities Law or the Downtown Development Authorities Law
- DAL = the Development Authorities Law
- Constitutional = created by an LCA
- LCA = local constitutional amendment
- Local Government = city or county
- IGA = intergovernmental agreement
- Authority includes a DA, a DDA and a JDA.

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MODULE 1

WHY WE HAVE DEVELOPMENT AUTHORITIES

WHERE THEY CAME FROM

HOW THEY ARE GOVERNED

WHERE THEY CAN ACT

WHERE THEIR FUNDING COMES FROM

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WHY WE HAVE DEVELOPMENT AUTHORITIES

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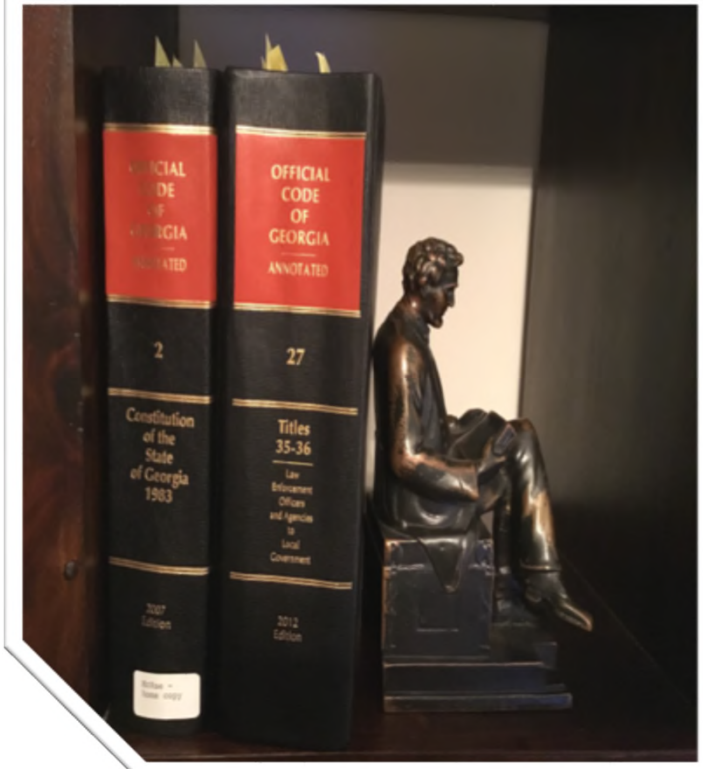
PROTECT LOCAL GOVERNMENT

THE CITY OR COUNTY IS NOT LIABLE FOR THE AUTHORITY'S DEBTS OR CONTRACTS.



No bonds or other obligations o and no indebtedness incurred by any authority shall constitute an indebtedness or obligation of the State of Georgia or of any county, municipal corporation, or political subdivision thereof, nor shall any act of any authority in any manner constitute or result in the creation of an indebtedness of this state or of any such county, municipal corporation, or political subdivision.

O.C.G.A. Sec. 36-62-10

Note: A few LCAs require the local government to impose millage to repay bonds issued by its Constitutional development authority. Always check the LCA.

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PROTECT LOCAL GOVERNMENT

MEMBERS OF AUTHORITIES ARE APPOINTED, NOT ELECTED. THEY BUFFER THE ELECTED OFFICIALS FROM TEMPORARY POLITICAL PRESSURE.

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ADD POWERS

THE GEORGIA CONSTITUTION AUTHORIZES ECONOMIC DEVELOPMENT POWERS FOR AUTHORITIES THAT LOCAL GOVERNMENTS DON'T HAVE.

SOME OTHER POWERS (LIKE REDEVELOPMENT) ARE SHARED. IF THE LOCAL GOVERNMENT WORKS THROUGH THE AUTHORITY INSTEAD, IT IS PROTECTED BY THE AUTHORITY.

CREATION OF DEVELOPMENT AUTHORITIES AUTHORIZED.

Proposed Amendment to the Constitution.

No. 202 (House Resolution No. 399-912).

A Resolution.

Proposing an amendment to the Constitution so as to pro vide that the General Assembly may create Development Authorities or authorize any county or municipal corpora tion or combinations thereof to create Development Au thorities and authorize such Authorities to issue revenue obligations for the purpose of developing industry, trade and employment opportunities; to provide for the sub mission of this amendment for ratification or rejection id for other purposes.

e it resolved by the General Assembly of Georgia:

tion 1. Article VII of Section VII of the Constitu hereby amended by inserting between Paragraphs VI, a new Paragraph to be numbered Paragraph to read as follows:

h V-A. **Revenue Obligations Authorized.** The f trade, commerce, industry and employ ies is hereby declared to be a public pur velfare of the people of this State. The may create Development Authorities r such purposes or may authorize hority by any county or munici

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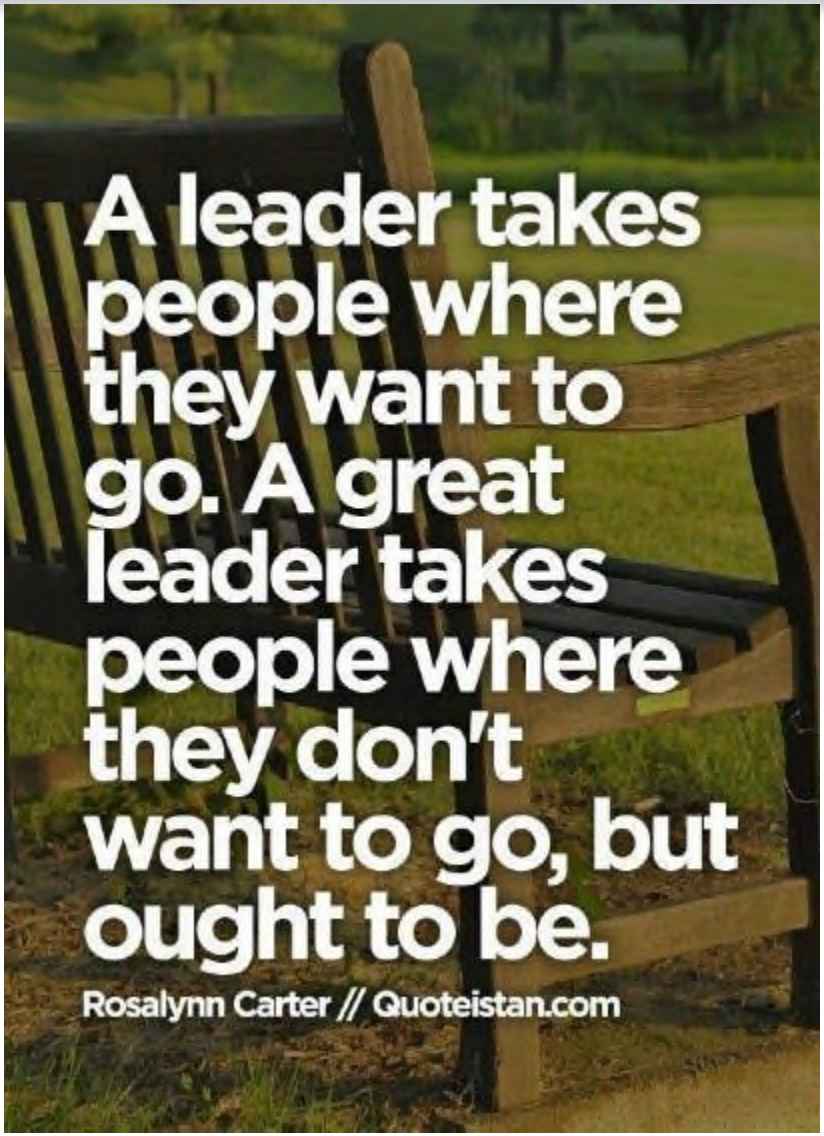
BECOME EXPERTS

- THE DEVELOPMENT AUTHORITY BOARD IS LIKE A "SUBJECT MATTER EXPERT"
- THE SUBJECT IS ECONOMIC DEVELOPMENT.



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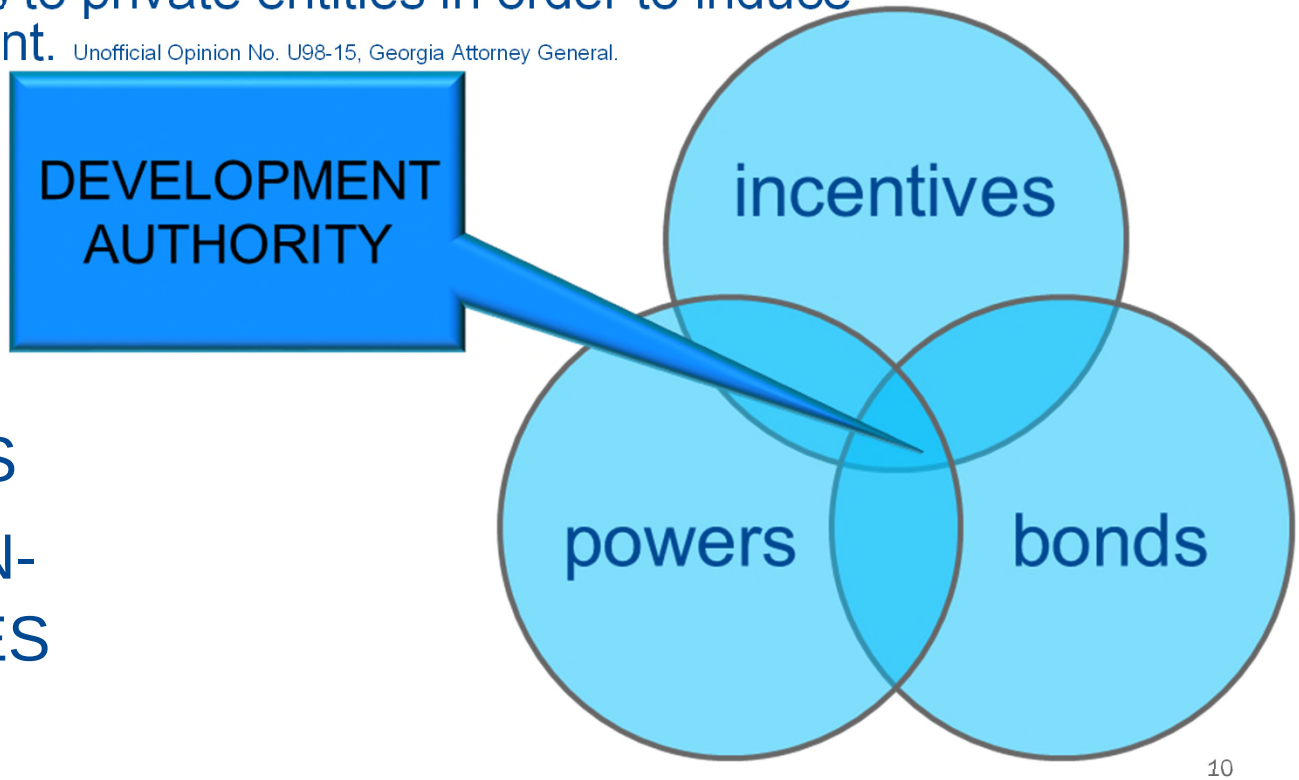
IF GEORGIA DID NOT HAVE DEVELOPMENT AUTHORITIES….

You requested my opinion whether the Georgia Constitution permits "the use of public funds for incentives to directly benefit private corporations to spur economic development"....As you surmised, the prohibition against governmental gratuities has been interpreted to preclude direct grant payments *to private entities in order to induce* economic development. Unofficial Opinion No. U98-15, Georgia Attorney General.

NO DEVELOPMENT AUTHORITY…

NO PROPERTY TAX INCENTIVES

NO CASH OR IN-KIND INCENTIVES



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WHERE DEVELOPMENT AUTHORITIES CAME FROM

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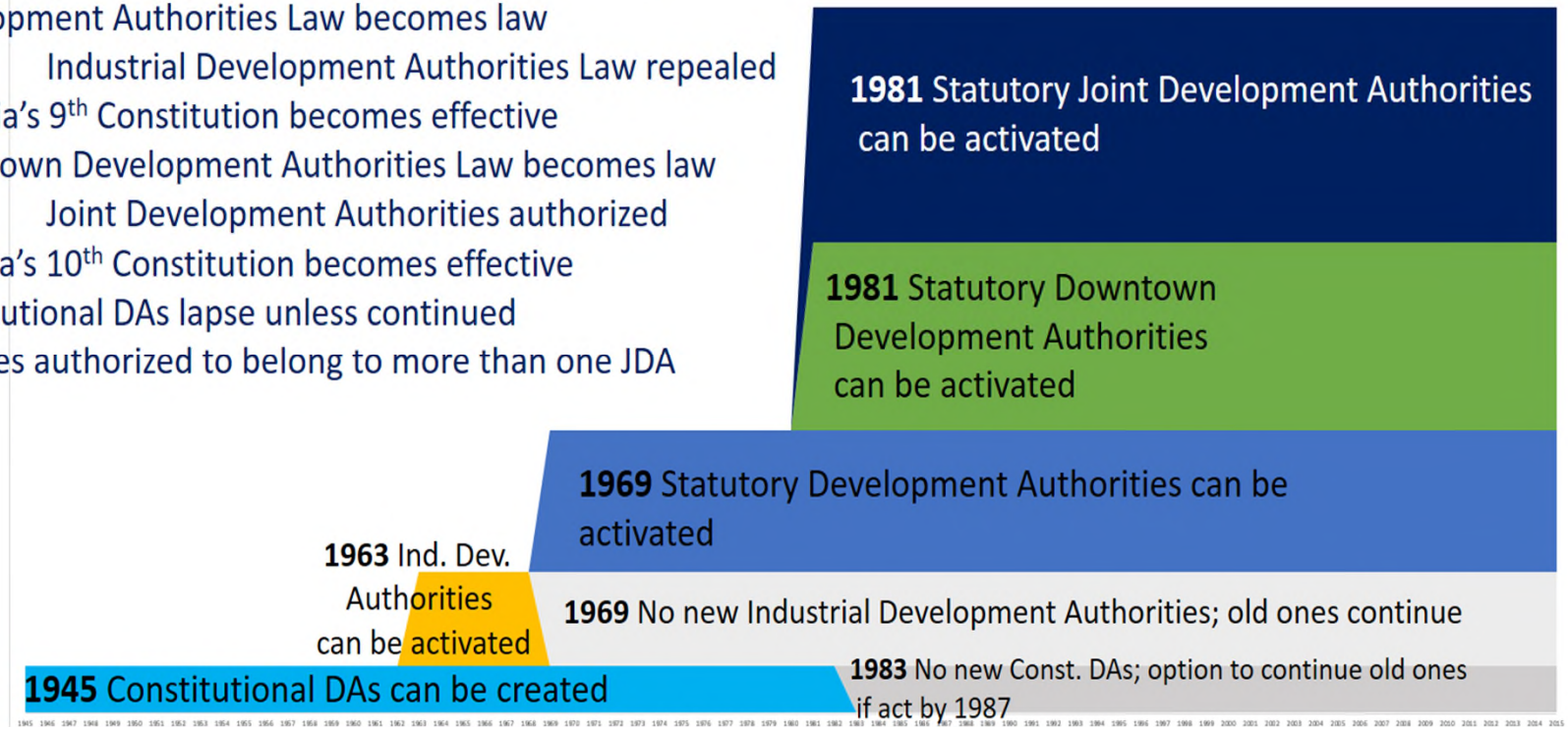
THE DEVELOPMENT OF DEVELOPMENT AUTHORITIES IN GEORGIA

TIMELINE

1945	Georgia's 8th Constitution becomes effective
1963	Industrial Development Authorities Law becomes law
1968	Georgia Constitution amended to authorize development authorities
1969	Development Authorities Law becomes law
	Industrial Development Authorities Law repealed
1976	Georgia's 9th Constitution becomes effective
1981	Downtown Development Authorities Law becomes law
	Joint Development Authorities authorized
1983	Georgia's 10th Constitution becomes effective
1987	Constitutional DAs lapse unless continued
2004	Counties authorized to belong to more than one JDA



THE GOVERNANCE OF DEVELOPMENT AUTHORITIES

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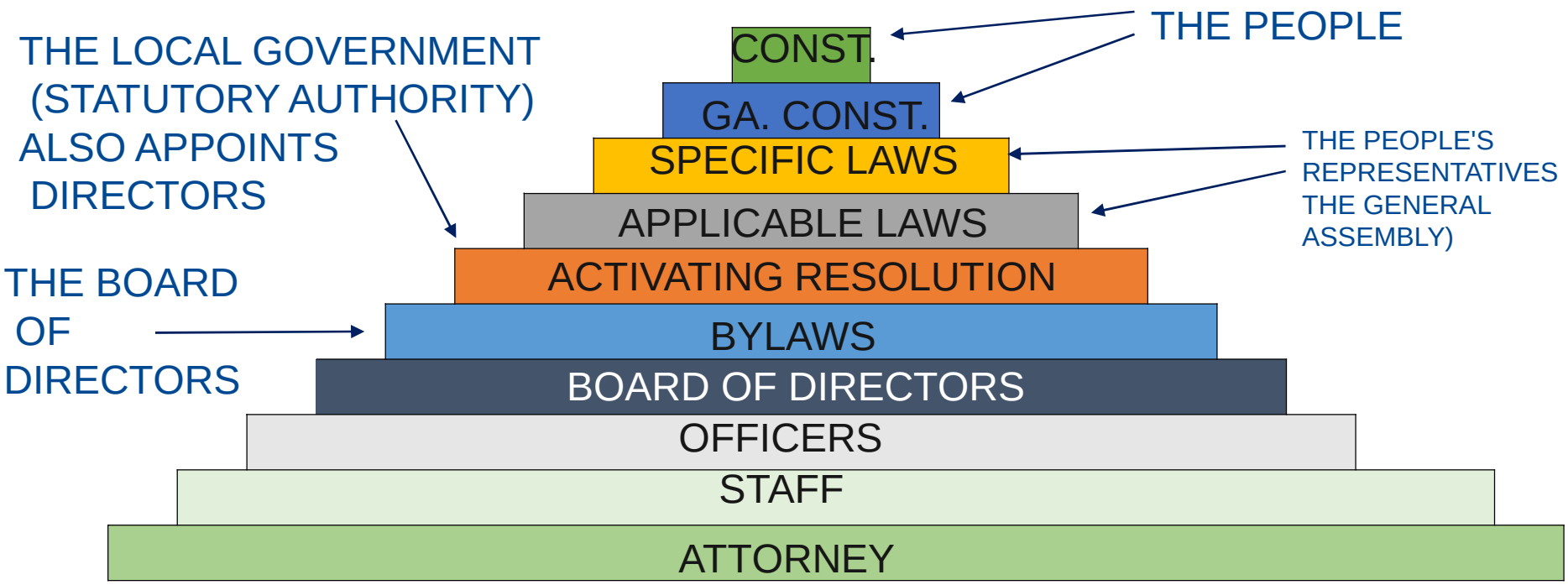
We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.



THE HIERARCHY OF A DEVELOPMENT AUTHORITY

MOST "IN CHARGE" AT THE TOP

LEAST "IN CHARGE" AT THE BOTTOM

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THE LEVELS OF AUTHORITY

BOARD	BYLAWS	OFFICERS
• Statutory DA: 7-9 members; set by local government (can include 1 local government member); term (after first appointments) 4 years; majority of whole board to pass resolution • Statutory DDA: 7 members (can include 1 local government member); term (after first appointments) 4 years • Statutory JDA: all set by concurrent activating resolutions of local governments • Constitutional authority- all set by LCA	• Adopted by board • Best practice: include only matters not dictated by governing law, such as officer terms, calling special meetings, meeting schedule • Directors must comply with procedures in bylaws such as notice required before amending bylaws	• Statutory DA, JDA and DDA: Chair and Vice Chair (both members), Secretary and Treasurer or Secretary-Treasurer (membership optional) • Constitutional authority- all per LCA

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WHERE DEVELOPMENT AUTHORITIES CAN ACT

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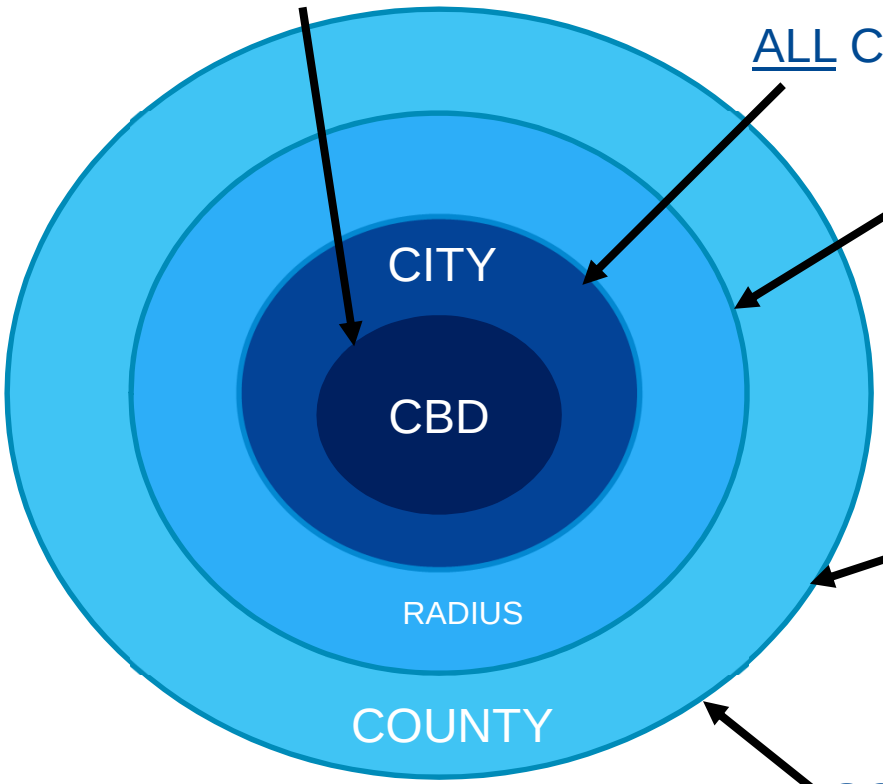
THE LIMITS OF JURISDICTION

jurisdiction begins at center and extends to where arrow points



ALL DDAs

ALL CITY DEVELOPMENT AUTHORITIES

SOME CONSTITUTIONAL CITY DEVELOPMENT AUTHORITIES AND DDAs

ALL COUNTY DEVELOPMENT AUTHORITIES

SOME CONSTITUTIONAL CITY DEVELOPMENT AUTHORITIES

Statutory DDAs have citywide jurisdiction for certain PACE-type projects. JDAs- see next slide

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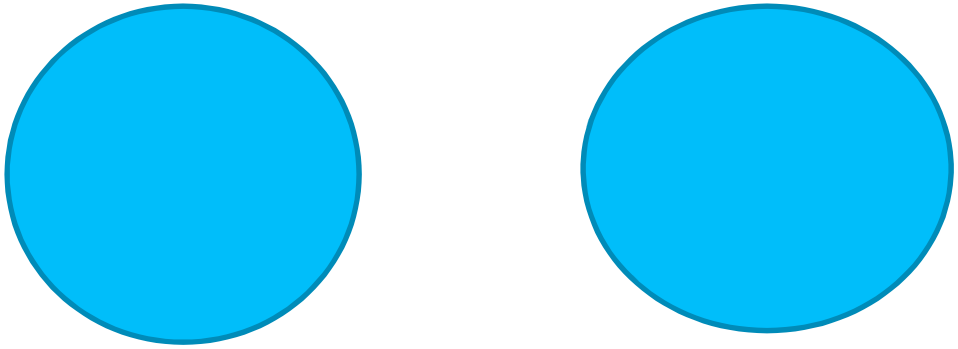
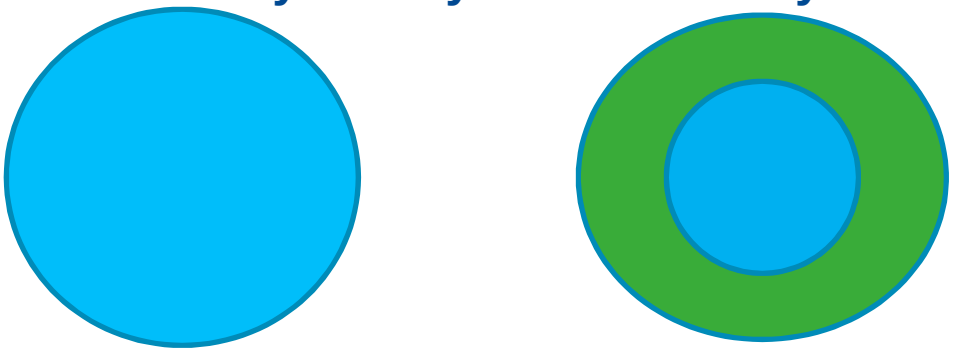
JOINT DEVELOPMENT AUTHORITIES

Joint development authority for East County and West County



JDA has jurisdiction over all blue areas (both counties and all cities)
Note- sometimes jurisdiction is limited in concurrent activating resolutions

Joint development authority for city in East County and for West County



JDA has jurisdiction over all blue areas (West County and all cities in West County, plus city in East County)

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WHERE DEVELOPMENT AUTHORITY FUNDING COMES FROM

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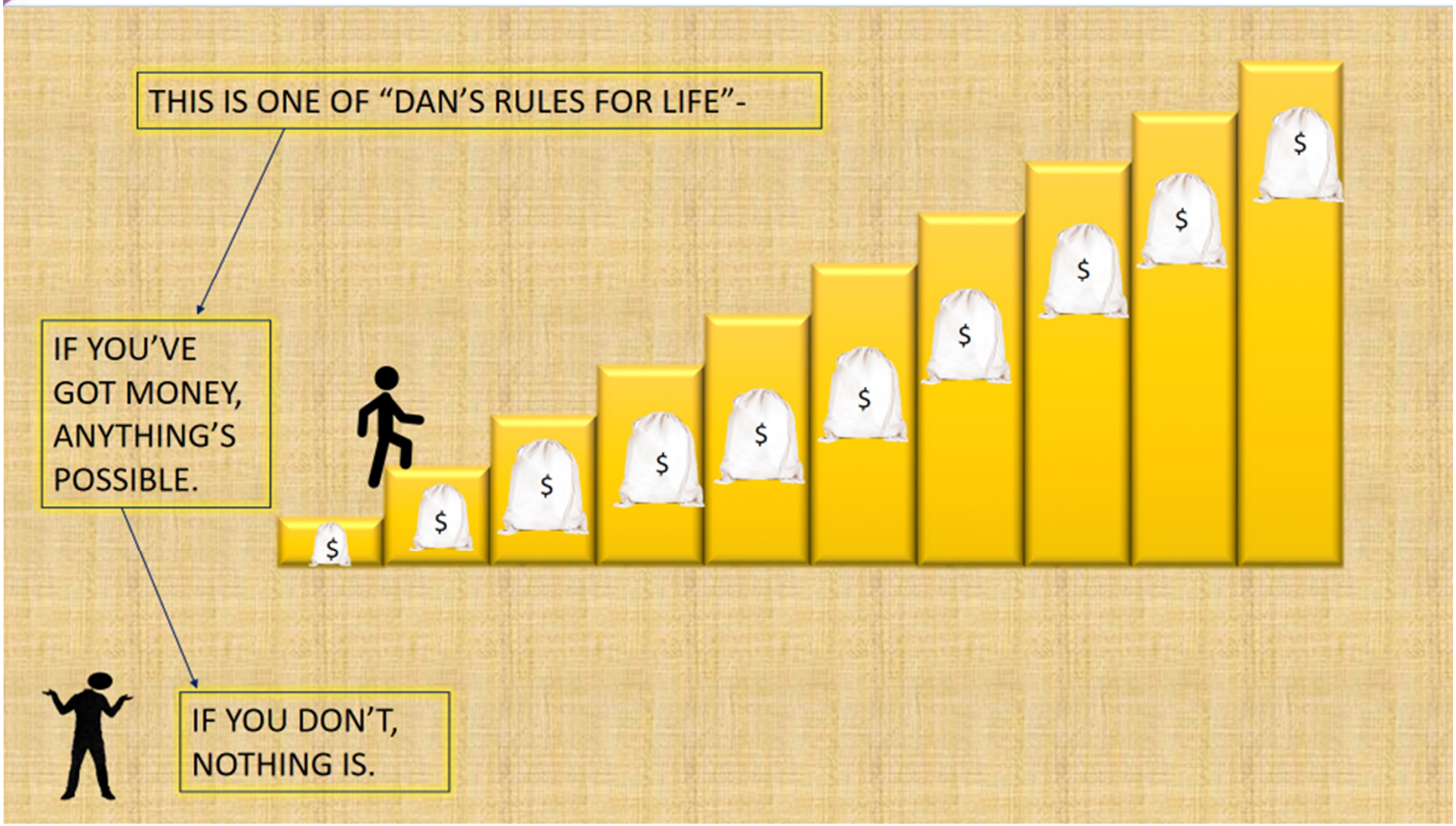
“ONE OF “DAN’S RULES FOR LIFE ”



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THE "POWER OF THE PURSE"

- DEVELOPMENT AUTHORITIES HAVE NO TAXING POWER
  - A FEW LCAs AUTHORIZE OR MANDATE LOCAL GOVERNMENT FINANCIAL SUPPORT OF ITS DEVEVOPMENT AUTHORITY
- MOST DEVELOPMENT AUTHORITIES DEPEND ON THEIR LOCAL GOVERNMENTS FOR VOLUNTARY FINANCIAL SUPPORT
  - INITIAL "SEED MONEY" GRANT
  - ANNUAL APPROPRIATION
  - MULTIYEAR CONTRACT (IGA)
  - CITY AUTHORITIES- 3 MILL LIMITATION. O.C.G.A. Sec. 48-5-350
  - COUNTY AUTHORITIES- 1 MILL LIMITATION. O.C.G.A. Sec. 48-5-220(20)

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THE "POWER OF THE PURSE"

- AUTHORITIES CAN ALSO EARN FEES FROM TRANSACTIONS SUCH AS BOND ISSUES
- STATE GRANTS AND LOANS ARE SOMETIMES AVAILABLE FOR PROGRAMS AND SPECIFIC PROJECTS
- PRIVATE SECTOR GRANTS ARE SOMETIMES AVAILABLE
  - CORPORATION FOUNDATIONS
  - IN-KIND CONTRIBUTIONS
    - BUILDINGS
      - SPLIT SALE/DONATION
      - NEED ENVIRONMENTAL DUE DILIGENCE

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CONCLUSION

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MORE INFORMATION

QUESTIONS?

If you have any questions or comments on this presentation, please do not hesitate to let me know.

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