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Auditor Edelen Launches special examination of TIF project in downtown Bowling Green

BOWLING GREEN, Ky. (June 17, 2015) – Auditor of Public Accounts Adam Edelen today announced that his office is launching a special examination into a commercial development deal in the downtown Tax Increment Financing (TIF) district that went sour.

The project collapsed this year after restaurants in the commercial wrap of the parking garage in Block 6 of the Bowling Green TIF district went under and contractors alleged they hadn't been paid. The county then sued the project manager, alleging it misspent \$4 million in industrial revenue bond money. Efforts are underway to revive the project with new bonds and a new project manager.

“Almost everyone acknowledges mistakes have been made, and there are a lot of folks working hard to make sure this project can still succeed and that taxpayers don't get stuck holding the bag,” Auditor Edelen said. “But let me be clear: There are a lot of important questions that still must be answered about how the previous deal was structured and managed. I believe in second chances, but I also believe in accountability.”

Auditors will review the use of proceeds from the industrial revenue bonds and the TIF revenues, and other issues related to the project. The lack of oversight and transparency will be closely examined.

Auditor Edelen said his office has received allegations related to nearly every aspect of an already complex project involving multiple private and public parties.

“One of the previous developers was quoted in the press as saying ‘there's so many cooks in the kitchen ...’ That's an understatement here and one of the most troubling aspects of this situation,” Auditor Edelen said. “I'm a believer in public-private partnerships to do big things to

enhance our communities, but we need to be wary of weaving a web so tangled that no taxpayer can make heads or tails of it.”

Examining the relationships and roles of the parties involved will be a key part of the examination.

The City of Bowling Green created the TIF District to spur activity in its urban core. TIF is a tool that allows local governments to dedicate future increases in tax revenue that would be generated by a new development toward public improvements in that area.

In this instance, TIF revenue from the area was used for debt service payments on bonds issued by the county and backed by the city. The bond money, totaling \$25.5 million, was to be used to construct the commercial wrap. The developer would then own the wrap when the bonds were paid off.

“I am all for using innovative tools to spur economic development, and there’s absolutely no question that tremendous improvements have been made to downtown Bowling Green with the use of TIFs and other incentives,” Auditor Edelen said. “But we can’t lose sight of the fact that these are still tax dollars and that transparency and oversight must be required.”

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