

(2) THE ORIGINAL ASSESSABLE BASE.

[(i)] (M) "Tax increment" means FOR ANY TAX YEAR the amount by which the [total sum of the assessed valuation of the real property within the development district] ASSESSABLE BASE AS OF JANUARY 1 PRECEDING THAT TAX YEAR exceeds the original taxable value.

(N) "TAX YEAR" MEANS THE PERIOD FROM JULY 1 OF A CALENDAR YEAR THROUGH JUNE 30 OF THE NEXT CALENDAR YEAR.

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Before issuing these bonds, the governing body of the issuer shall:

(1) Designate by [ordinance or] resolution a contiguous area within its jurisdiction as a "development district". If the governing body of a county designates an area which is wholly or partly within the corporate limits of a municipality, [an ordinance or] A resolution of the governing body of the municipality, approving the district, is also required to establish the district. [All assessed values shall be determined as of January 1 of that year preceding the effective date of the ordinance or resolution adopted pursuant to this subsection.]

(2) Receive from the supervisor of assessments a certification [of assessed valuation of taxable real property within the development district as of January 1 of that year preceding the effective date of the ordinance or resolution adopted pursuant to this subsection. The total sum of the assessed valuation of property within the development district shall be referred to as the "original taxable value". In subsequent years, the amount by which the total sum of the assessed valuation of the real property within the development district exceeds the "original taxable value" shall be referred to as the "tax increment"] AS TO THE AMOUNT OF THE ORIGINAL ASSESSABLE BASE.

(3) Pledge that until the bonds have been fully paid or thereafter, the property taxes on real property within the development district shall be divided as follows:

(i) That portion of the taxes which would be produced by the rate at which taxes levied each year by or for a municipality or county upon the original taxable value shall be allocated to and when collected paid into the funds of the respective taxing bodies in the same manner as taxes by or for the taxing bodies on all other property are paid.

(ii) That portion of the taxes representing the levy on the tax increment that would normally be paid to the issuing body shall be paid into a special fund to be applied in