

What is TIF?

What a TIF is *NOT*

Financing method to catalyze local economic development

Anticipate & utilize future increases in property tax revenues

Helps pay for costs associated with development

Local program enabled and guided by state law

Not a new tax or special assessment on top of property tax

Not a tax break, not a tax giveaway

Not a silver bullet! Requires planning and integration with other financing, and oversight.

How TIF Works

Private Investment for New Development or Redevelopment
(adding new valuation)

% Valuation Captured in TIF District

% Valuation *Not* Captured in TIF District

Revenues to TIF Development Fund
(captured value X tax rate)

Revenues to **General Fund**
(non-captured valuation X tax rate)

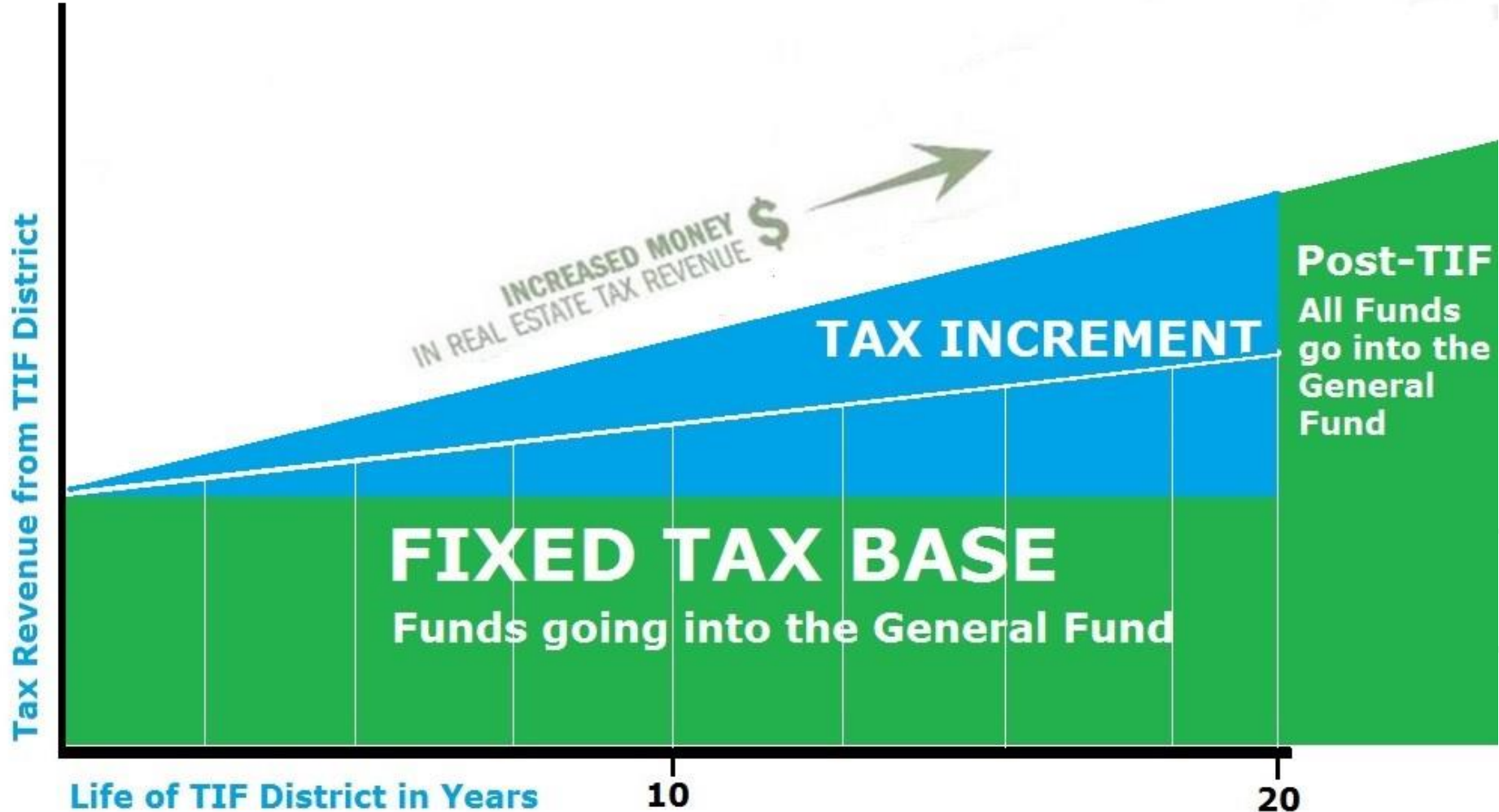
% of Development Fund for
Approved Municipal Activities

- Infrastructure improvements within and outside district
- Economic development organization costs, marketing & planning

% of Development Fund for
Approved Private Developer Costs

- Land & building improvements
- Tax incentives

How TIF Works



Establishing a TIF District

Requirements

- State law requires local approval of District Master Plan
- Municipality's legislative body must adopt District Master Plan
- Must be submitted to Planning and/or Zoning Commission 90 days prior to approval for written opinion regarding fit with Plans of Conservation and Development
- Public hearing is required that is properly noticed prior to adoption
- District Master Plan is adopted at the same time the district is created

District Master Plan

Overview

1. Map of District boundaries
2. List of tax identification numbers for lots/parcels in tax increment district
3. Description of present condition/use of land and buildings in tax increment district
4. Description of public facilities, improvements, or programs in tax increment district anticipated to be added and financed in whole or in part
5. Description of industrial, commercial, residential, mixed-use, retail development/improvements; downtown development; or transit-oriented development in tax increment district to be financed
6. A Financial Plan detailing schedule of increment tax revenues
7. Plan for proposed maintenance and operation of the tax increment district after capital improvements completed, if applicable
8. Maximum duration of the tax increment district, which may not exceed a total of fifty tax years



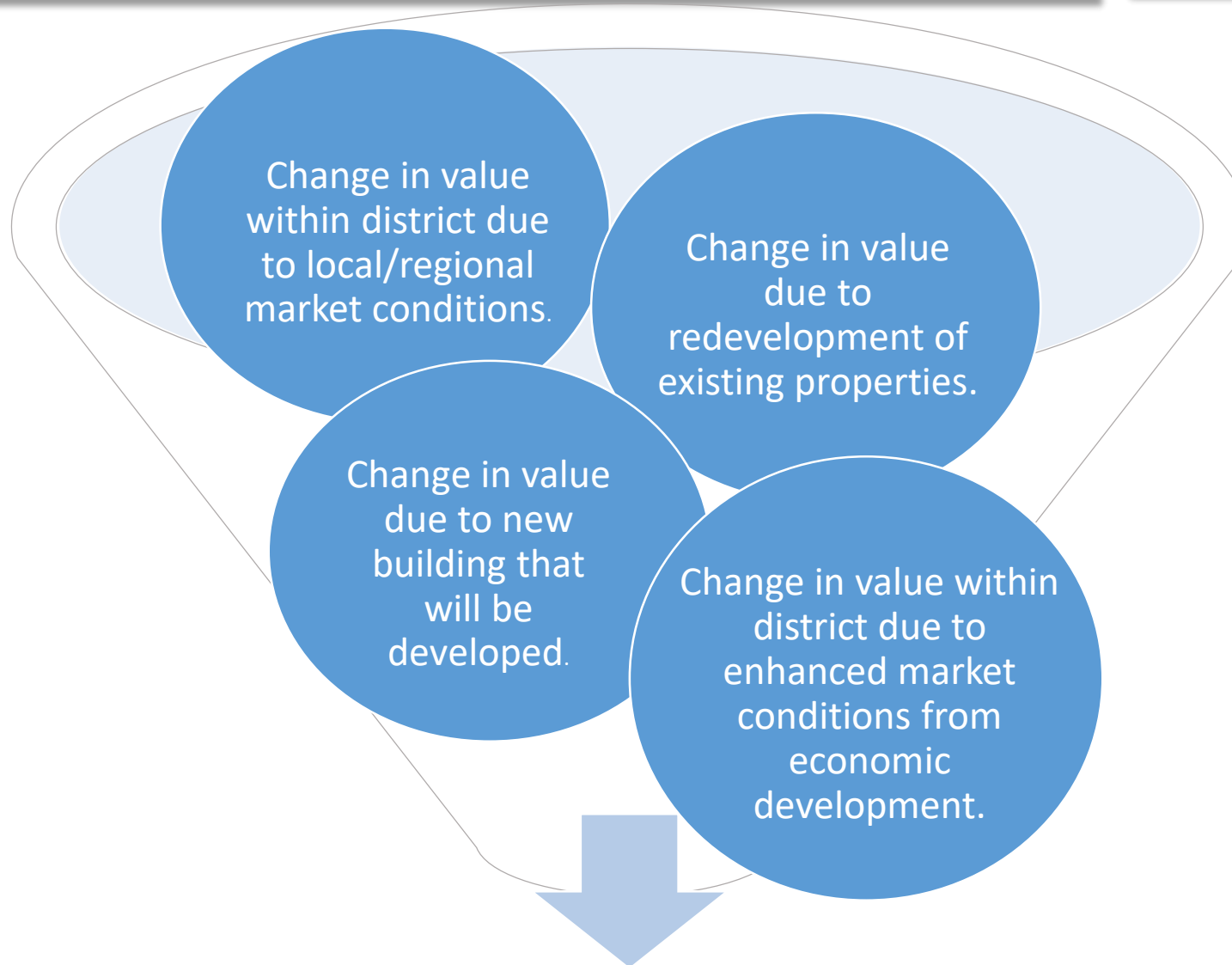
Financial Plan



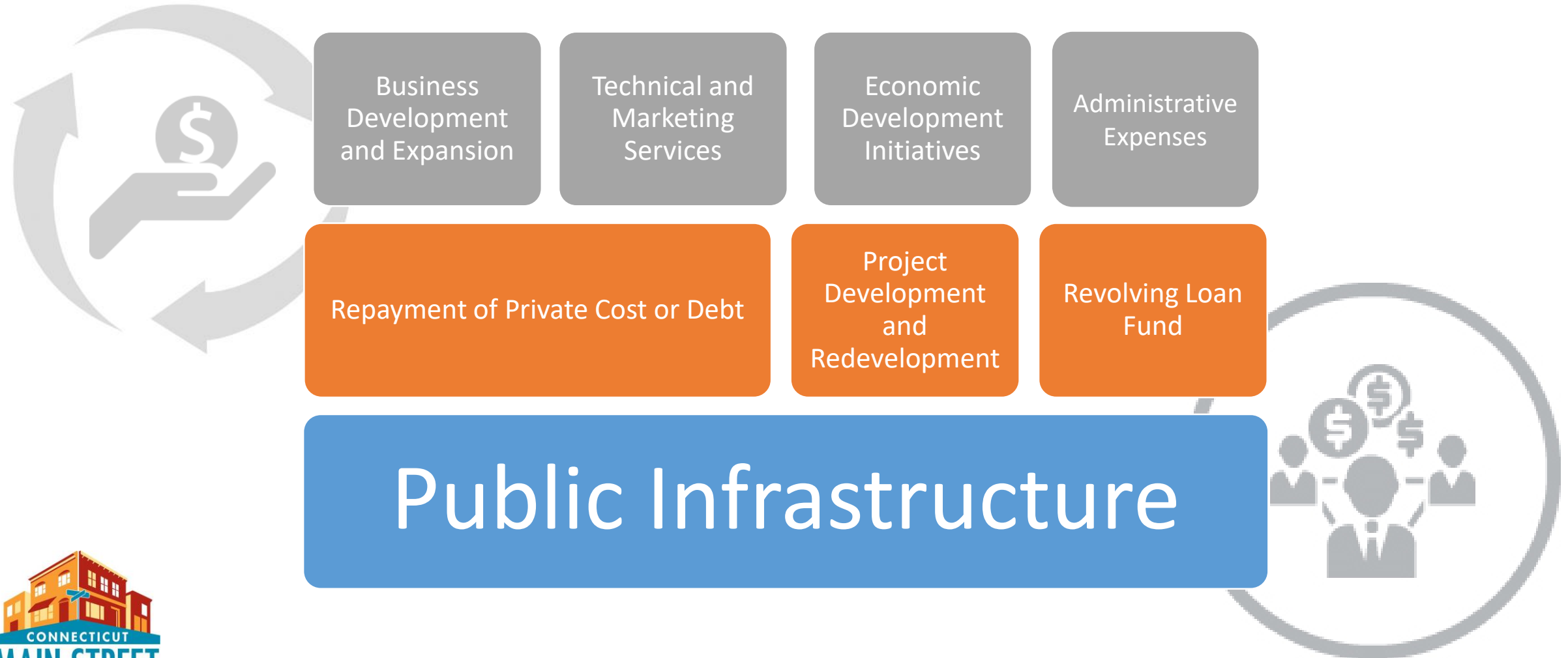
1. Cost estimates for public improvements and developments anticipated in District Master Plan
2. Maximum amount of indebtedness, if any, to be incurred to implement District Master Plan
3. Sources of anticipated revenues, including TIF and any other revenues
4. Description of terms and conditions of agreements, including agreements to hold assessed values constant for a fixed period of time, contracts, credit enhancement agreements, or other obligations
5. Estimates of increased assessed values of tax increment district
6. Portion of increased assessed values to be applied to the District Master Plan as captured assessed values and resulting tax increments in each year of the plan (can be any amount up to 100%)
7. Portion of TIF revenues to be utilized for municipal purposes vs. dedicated to support developers through credit enhancement agreements or other mechanisms

Financial Plan

Estimating Future Value



Uses of TIF Revenues



Financial Plan

Credit Enhancement Agreements- Criteria

- Fit with municipal goals and objectives
- A need to offset infrastructure or development costs unique to the site or proposed development
- A lack of sufficient private or other public funding sources to meet the full capital investment to undertake a project.
- Demonstration that applicant is financially capable to undertake the project demonstrated but for TIF support
- Submission of application and application fee (set by municipality)
- Typically includes minimum private investment to be made

