

Using Tax Increment Financing

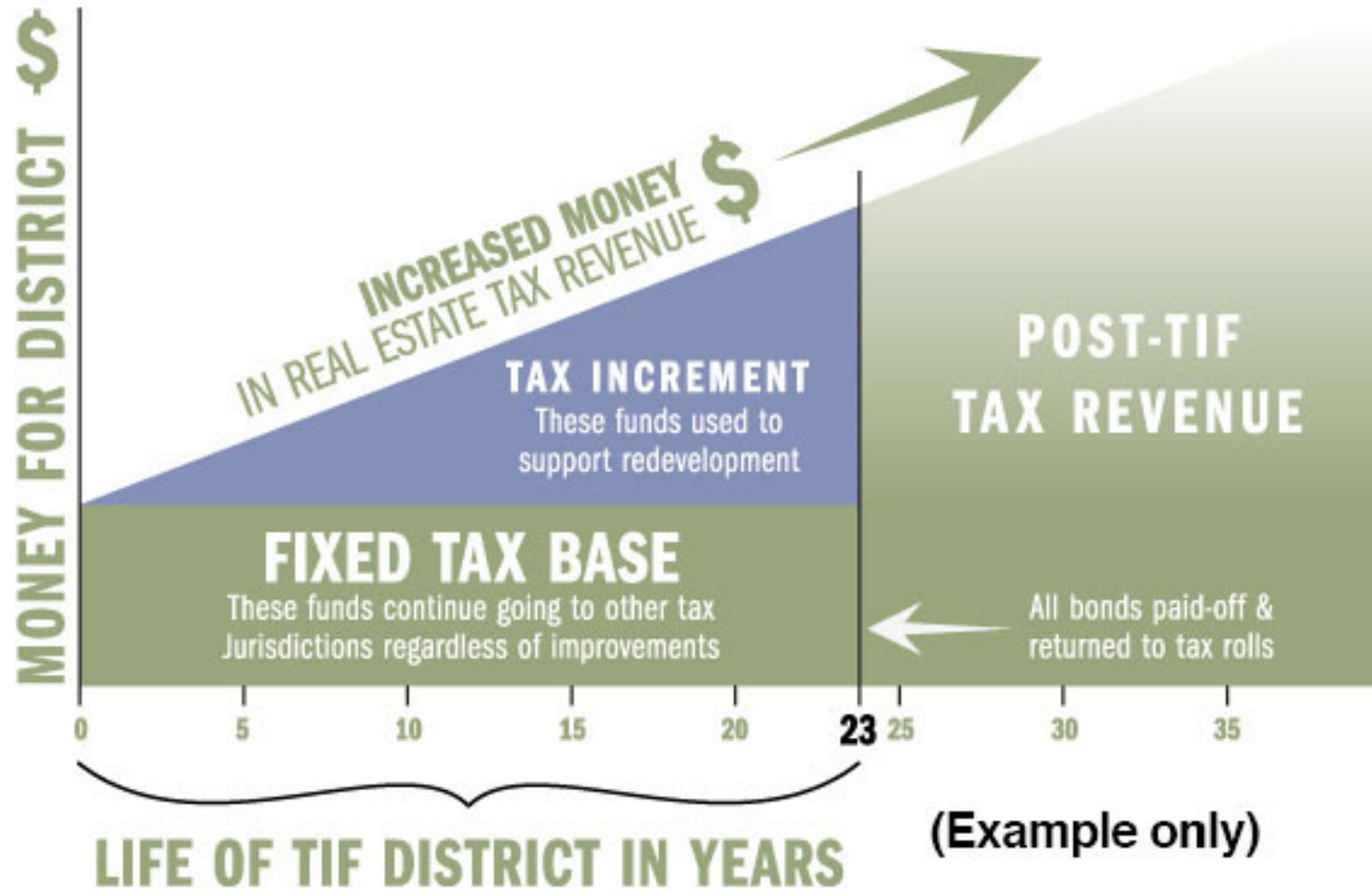
Governor's Council on Climate Change

Pullman & Comley, LLC

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- Tax Increment Financing uses new/incremental real property tax revenue generated from new development to repay costs of the project or improvements to the TIF District
- TIF uses incremental revenue generated by increases in assessed value
- Economic development and infrastructure costs can be financed and paid with TIF revenues without raising tax rates or diverting existing funds

What is Tax Increment Financing?



Permitted Uses Tax Increment Financing Revenues

- **Examples of permitted costs to be financed with TIF revenues:**
 - public infrastructure improvements
 - façade improvements
 - project development and redevelopment costs
 - remediation costs
 - land assembly costs
 - repayment of private debt incurred by developer
 - financing costs
 - technical and marketing assistance
 - revolving loans
 - professional services
 - administrative expenses, including personnel, studies and reports
 - business development and expansion assistance for TIF district property owners
 - TIF district establishment costs

Permitted Uses Tax Increment Financing Revenues

Use of TIF Revenues:

- Dedicate portion of incremental TIF revenue to Town General Fund to help pay for increased governmental services created by development in TIF District

- Repay debt service on municipal revenue bonds for public projects related to TIF District
 - Site preparation
 - Public infrastructure (backstopped by benefit assessment)

- Repay debt service on developer debt for TIF District development projects
 - **Credit enhancement agreements with property owner/developer**
 - Taxable municipal revenue bonds (proceeds used by property owner/developer)

- Collected and accumulated by Town and used to fund smaller future projects within TIF District on a pay-as-you-go basis
 - Revolving Loan Fund
 - Code compliance
 - Rental payment assistance

Four (4) required steps:

- Preparation of TIF District Master Plan (includes Financial Plan)
 - Input from Economic Development, Finance, Assessor & Consultants
 - Ten percent (10%) original assessed value test (taxable real property calculation)
- written advisory opinion from local planning agency
 - TIF District Master Plan is consistent with Plan of Conservation and Development
 - must be submitted to planning agency prior to legislative body approval of TIF District Master Plan
- one (1) local public hearing
 - Informational sessions for public and local officials
- Legislative body approval

Components of District Master Plan:

- Legal description of the District boundaries
- Tax identification numbers for its lots or parcels
- Description of present condition and uses of land and buildings within District
- Public facilities, improvements, or programs anticipated to be financed
- Financial Plan
- Plan for operation and maintenance of the District
- Maximum amount/percentage of TIF Revenues allocated to TIF District
- District's maximum duration, which cannot exceed 50 years, beginning with the year in which the District is established
- Establishment of TIF District Advisory Committee
- District Master Plan must be reviewed at least once every 10 years



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