



Tax Increment Financing Tax Abatement

INFORMATION & COMPARISON

TIF vs Tax Abatement

Participation in Project

City

County

Local
School

Increment

Yes

Yes

Yes

Abatement

Yes

Unlikely

Unlikely

Economic
Development/Jobs



Redevelopment
Revitalization
Renewal



Affordable Housing



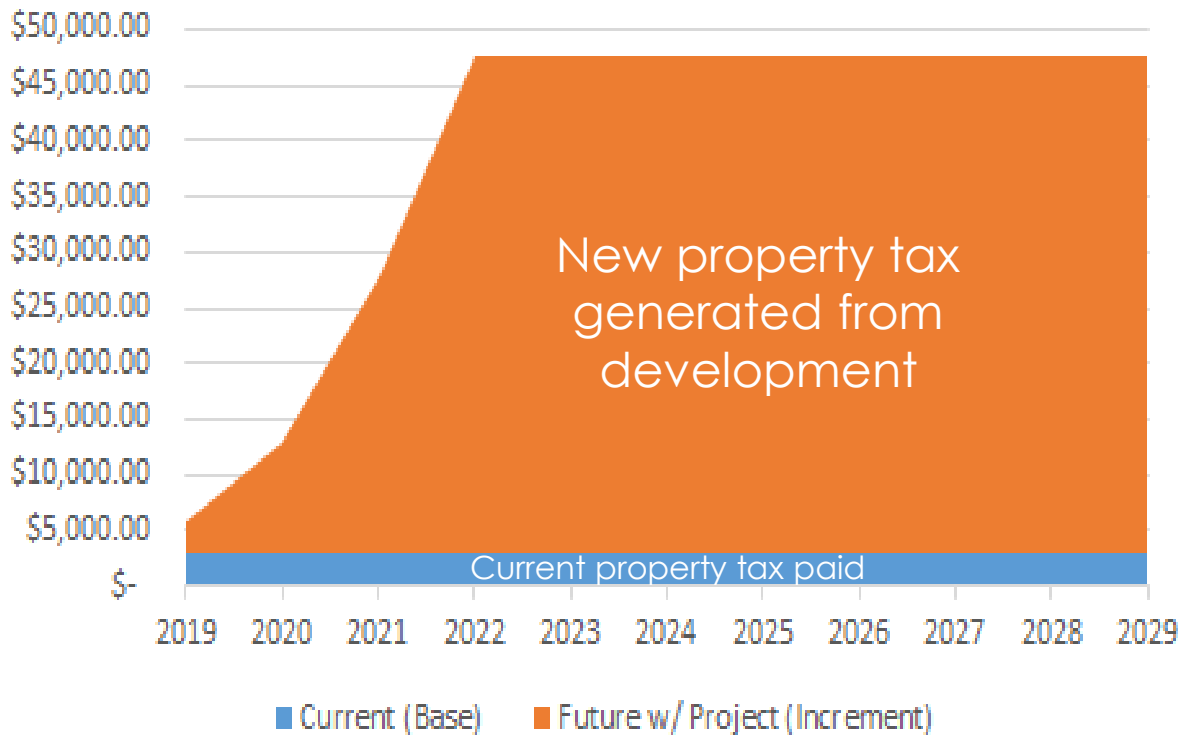
Contamination/Correction
Clean up - remediation



Eligible Projects – Differing Goals

Tax Increment Financing Basics

Property Tax Paid



Portion of new local & county property taxes generated 'captured'

'Captured' taxes used to make development happen

"But for" TIF project wouldn't happen & new taxes would never be generated

Tax increment financing is **always** dependent on new tax revenue generated by development; without new taxes there is no tax increment

City policy for tax abatement policy has been new taxes generated by development only; no abatement of existing taxes paid

Only using new taxes generated means the City is not 'giving' developer money; if the development didn't happen the TIF or abatement wouldn't be available



How do we know we are getting a fair deal?

Q: How do we know the Developer isn't using bogus numbers?

A: Ask & trust the professionals working on City's behalf to review the numbers

Q How do we know if we are paying for inflated costs?

A: "Look Back" provision in TIF agreement – sworn construction statement of costs at completion of project required, adjust if needed



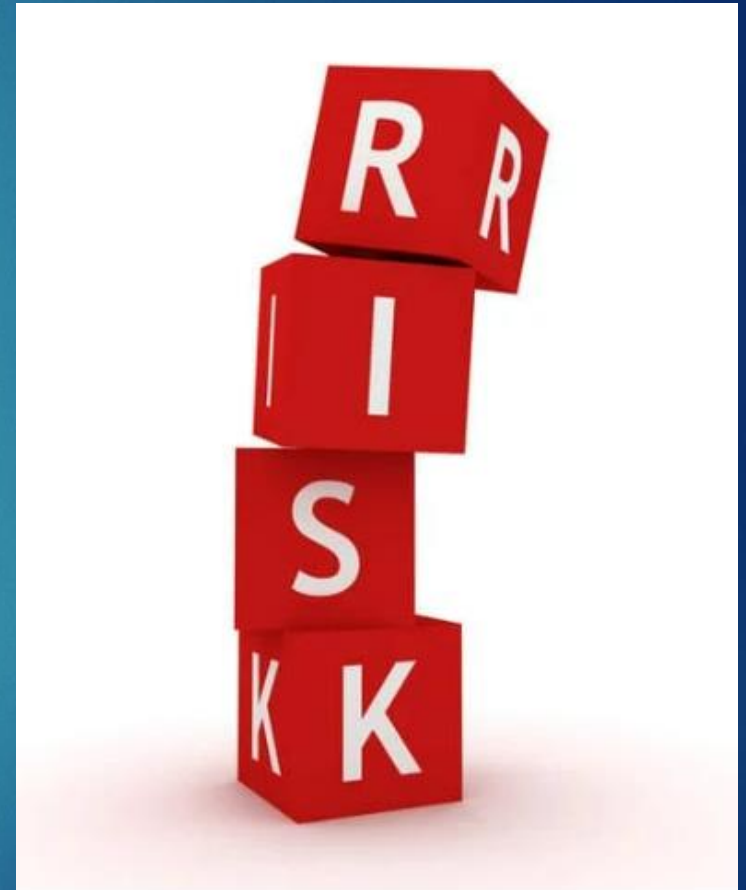
Developer shoulders risk – not the City

Pay-as-you-go type only. The City does not issue TIF or abatement bonds to fund private development

This means the Developer pays all costs up-front

Developer finances cost and receives semi annual payments from part of available increment or abatement; if taxes aren't paid semi-annual payments from City to Developer are not paid

City limits both maximum payment and term – whichever comes first assistance ends



Every instance is different

Economic & project need is fluid

City has used tax increment and abatement effectively in the past

If City participates in a project that doesn't set precedent or mean the City has to participate in another similar project

What makes sense today may look different next month, year, decade, etc.

