

TAX INCREMENT FINANCING TIF

OVERVIEW

BY

WILLIAM R. SHANE

TOWN MANAGER

MARCH 14, 2005

JULY 24, 2006 Update

January 23, 2012 Update

Tax Increment Financing

- **Property Taxes – Paid by all property owners based upon the assessed value of the property.**

Property Tax Breakdown

71% to operate the Schools

25% to operate the Town

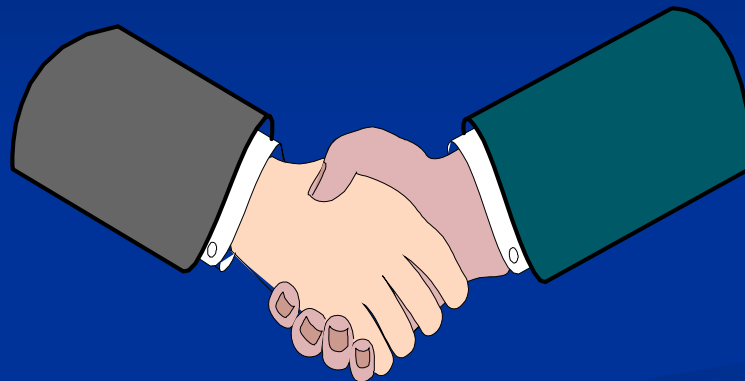
4% for County Taxes

Property Tax Breakdown

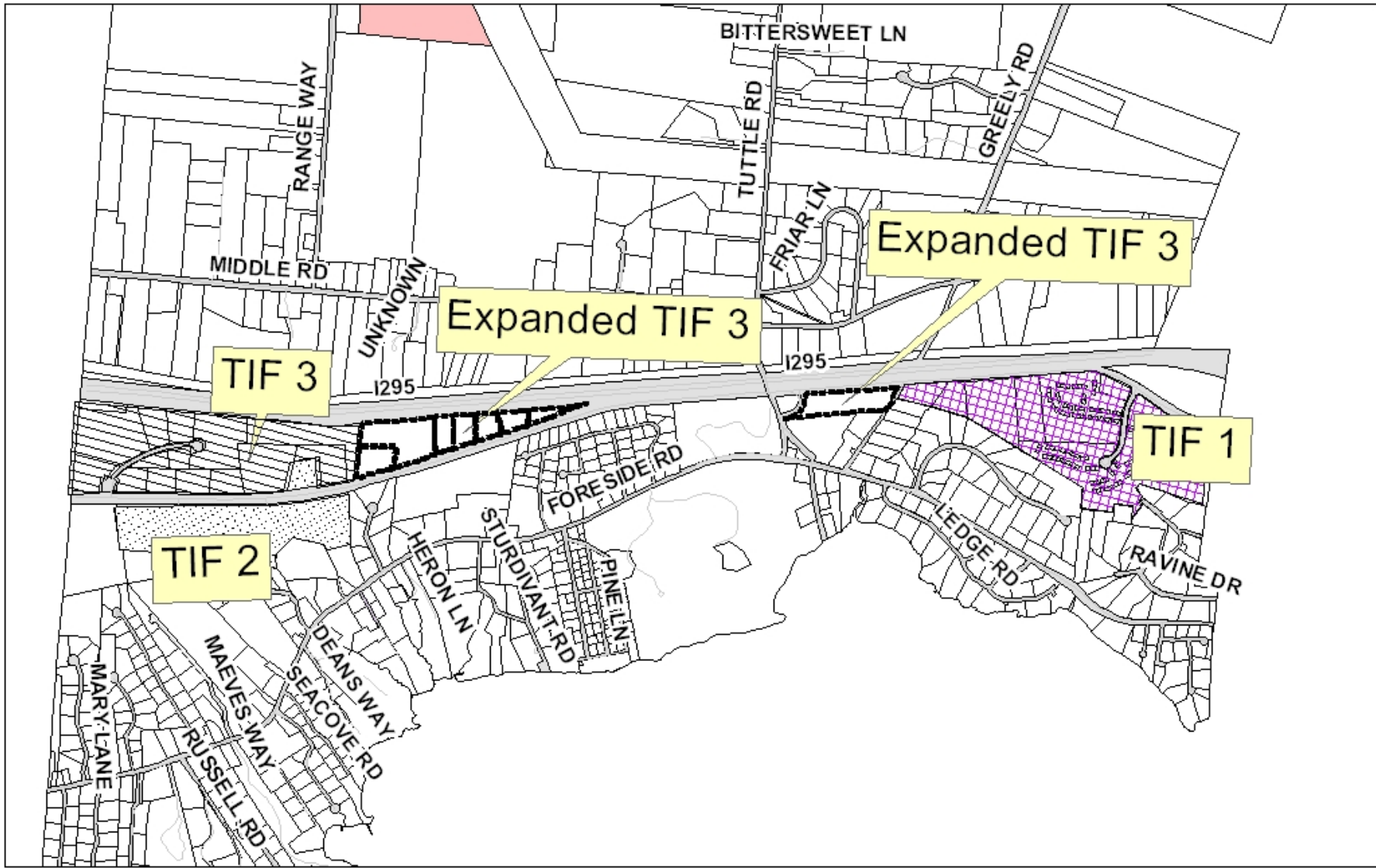
- 3,000,000 Business No TIF Shelter
- As value goes up
- County Taxes go up \$ 1,800
- State aid for Education goes down
\$ 7.52 mils for Education \$22,560
- State Revenue Sharing is lost \$ 2,663
- Lost Revenue/ Increase County Taxes \$27,023

- Original Tax Bill $\$3.0 \text{ M} \times 15.80/1000 = \$47,400$
- Net Tax Bill – Lost revenue = $\$20,377$ (43%)

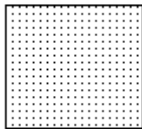
What is a TIF?



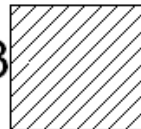
**Partnerships Between the State & Town
And
Town & Business**



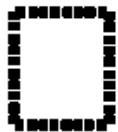
TIF # 2

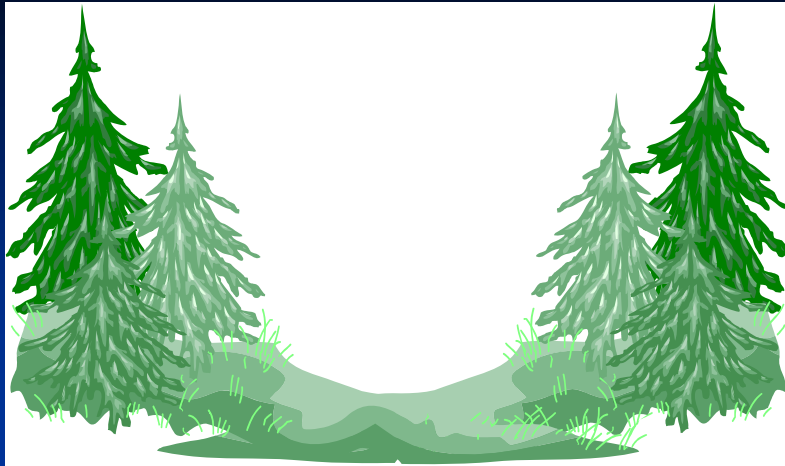


Current TIF # 3



TIF # 3- Expansion to Powell Road 2012





Before

Land Value Prior to Building

\$100,000 No Improvements

INCREMENT VALUE = 3,000,000

\$100,000 Value

Taxes

$100,000 \times \$15.80/1000 = \$1,580$

to General Fund



After

Land & Building

\$3,100,000

\$3,000,000

Taxes

$\$15.80/1k = \$47,400$

to TIF Fund

Why give away any Money?

Positive Business Attitude

Partnership- Offset of Capital Investment a big help

Approved by the State DECD- Straight Face Test

Long Term Shift of the Tax Base – 98.5% to 90 % Goal

Total Control of the funds by the Town Council

Encourage Economic Growth on Rt 1 & Rt 100 Corridor

What can be done with the money?

- Money must be used for Economic Development Purposes:
 - a. Tax Incentives to Businesses
 - b. Infrastructure within the District
 - c. Economic Development Initiatives
 - d. Environmental remediation
 - e. Affordable Housing (via MSHA)

Give me some examples of How the money has been used

- **Road Improvements**
 - Range Road- \$2 Million Dollar Repair
 - Skillin & Blanchard Road- \$2 Million Repair
- **Infrastructure Improvements – Fire Protection**
 - Skillin & Blanchard Road Water Line- \$3 Million
 - Rt 100 Water Line- \$1.5 Million
 - Range Road Water line \$2 Million
 - Twin Brook Park Improvements
- **Future Intersection Improvements**
 - Skillin / Blackstrap & Rt 100 Signalization
- **Funding of Economic Development Director**

Where's the Downside?

- There Isn't One.

The Town Council Controls the funds. At anytime during the contract the Town can divert it's portion to the General fund but will lose the shelter value.

The Town Council controls the types of business and the amounts of TIF money we will share

The projects we are looking to fund are needed today and would be 100% on all the Taxpayers.