

Town Center Tax Increment Financing District



Why is TIF Used?

- To use the taxes from a new investment to fund economic development projects; and
- To stimulate private sector investment and job creation in a targeted location (specifically, in the **District**).

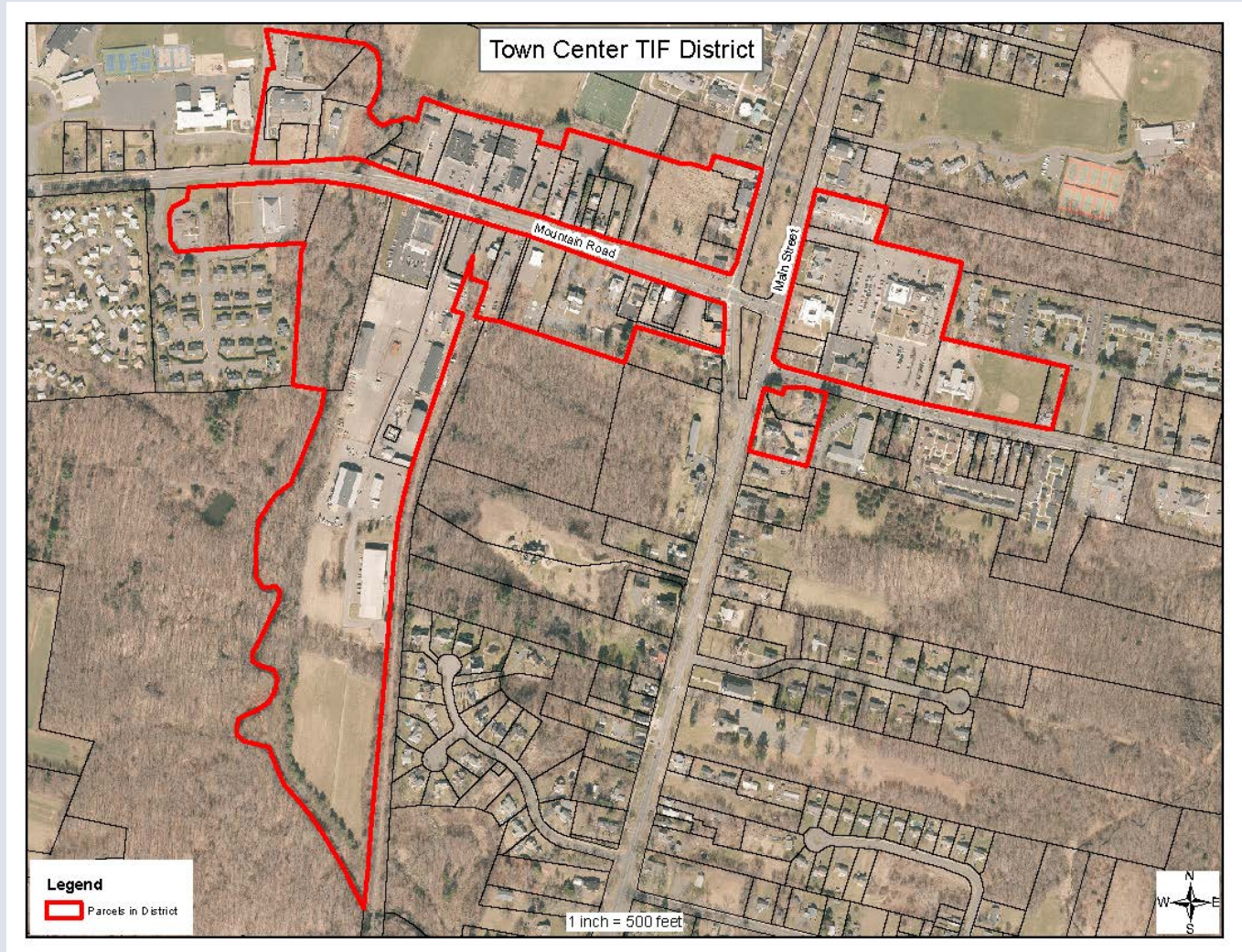
TIF District

A Tax Increment Financing **District** is a specified geographic area within the Town that is either:

- A single lot, or several properties
- Contiguous or separated



TIF District



What is “Increased Assessed Value”?

The **increased assessed value (IAV)** is the increase in the current assessment over the **OAV**.

Example:

- The **OAV** of a District property is \$500,000.
- Today, the property is assessed at \$1,500,000.

The District’s **Increased Assessed Value (IAV)** would be calculated as follows:

$$\begin{array}{r} \$1,500,000 \text{ (current valuation)} \\ - \underline{\$500,000 \text{ (OAV)}} \\ \$1,000,000 \text{ (IAV)} \end{array}$$

How Does a TIF District Create Revenue?

Once the TIF District is established, the Town will determine its' TIF revenues by working with:

- The District's **Original Assessed Value (OAV)**
- The District's **Increased Assessed Value (IAV)**
- The percentage of IAV being **captured** within the District (**CAV**)
- The Town's mil rate

Determining “TIF Revenues”

Once all of the variables are known, the amount of TIF revenues for a given year can be calculated.

1. Determine the IAV

Current assessed value - OAV = IAV
(\$1,500,000 - \$500,000 = \$1,000,000)

2. Determine Amount Captured

100% of the IAV is being captured

3. Plug in Estimated Tax Rate

IAV x 100% x Town's Mil Rate
(\$1,000,000 x 100% x .0150 = **\$15,000**)

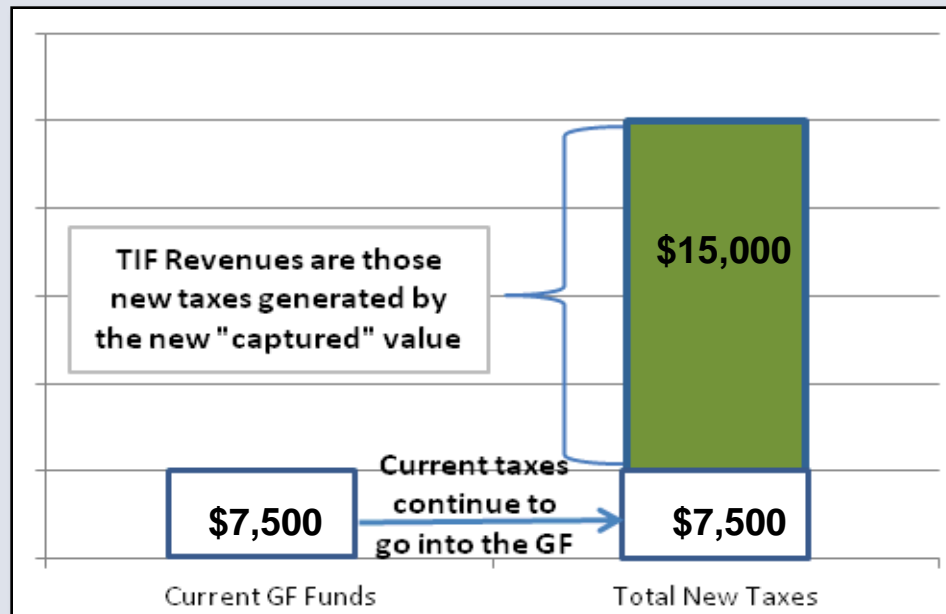
TIF REVENUES*



All TIF revenues must be deposited into a separate **TIF Fund account.*

TIF Fund Account

Tax revenue on the captured increased assessed value is deposited into a separate TIF fund account.



A tax rate of .0150 and a current value of \$1,500,000 will generate **\$22,500** in tax revenues.

Sample TIF Investment Schedule

			TIF Year	1	2	3	4	5
			Fiscal Year	2016	2017	2018	2019	2020
Projected CAV				\$2,000,000	\$ 6,727,500	\$6,559,313	\$6,395,330	\$6,235,446
Actual CAV (update annually)				\$2,000,000	\$6,727,500	\$6,559,313	\$6,395,330	\$6,235,446
Mil Rate (update annually)				20.60	20.60	20.60	20.60	20.60
Projected TIF Capture %				100%	100%	100%	100%	100%
Actual TIF Capture % (update annually)				100%	100%	100%	100%	100%
Projected TIF \$				\$41,200	\$138,587	\$135,122	\$131,744	\$128,450
Actual TIF \$				\$41,200	\$138,587	\$135,122	\$131,744	\$128,450
GF \$				\$0	\$0	\$0	\$0	\$0
Ref # ¹	Tier ²	Project ¹						
1	In	Blah Blah Blah		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
2	In	Blah Blah Blah		\$0	\$10,000	\$50,000	\$100,000	\$100,000
3	Out	Blah Blah Blah		\$0	\$10,000	\$50,000	\$50,000	\$5,000
4	Out	Blah Blah Blah		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
5	Town	Blah Blah Blah		\$10,000	\$10,000	\$10,000		
6	Town	Blah Blah Blah				\$30,000	\$10,000	
TIF Current Balance				\$0	\$6,200	\$89,787	\$59,908	\$6,652
Total TIF Expenses in FY				\$35,000	\$55,000	\$165,000	\$185,000	\$130,000
TIF Balance				\$6,200	\$89,787	\$59,908	\$6,652	\$5,102

How a District Works

- The Increment is Used to Fund Infrastructure Improvements and Attract New Investment within District.



Potential TIF Funded Projects

Municipal TIF Investment Plan Within the District	
Project	Estimated Cost
Reconstruction of Ffyller Place	\$280k to \$500k
Remediation of Site and buildings and demolition – Ffyller Place	\$700,000
Streetscape improvements on Mountain Road and Bridge Street	\$200,000
Pedestrian bridge connecting Ffyller Place to Stony Brooke park	\$250,000
Façade Improvement Program Including Signage	\$300,000
Crosswalk installations/improvements	\$250,000

Municipal TIF Investment Plan Outside the District	
Project	Estimated Cost
Relocation of the Highway Facility	\$2M to \$3M
Linear trail on abandoned rail line	\$1,625,000
Route 75 traffic calming measures	To be determined



How a District Works

- TIF Spending is Subject to the Same Budget Process and Constraints as all Other Municipal Spending.



The TIF Financing Policy

- The Board of Selectmen adopts an overall TIF Policy that establishes guidelines for any TIF District to be formed.



TIF District Master Plan Approval

- Defines the boundaries of the TIF District
- Master Plan is Created
- Review by Planning & Zoning
- Hold at Least One Public Hearing
- Master Plan Approved at Town Meeting



Credit Enhancement Agreement

- A **Credit Enhancement Agreement** (CEA) is a private investment vehicle that may be used to encourage or stimulate private sector investment and job creation in the District.
 - Legal document negotiated between the municipality and a Developer that returns a portion of the **new taxes generated** in the District to the Developer for a predetermined period.
 - Potential benchmarks, COs, \$investment, jobs

Who is on the TIF Team

- First Selectman
- Board of Selectmen
- Economic Development Staff/EDC
- Town Planner/PZC
- Assessor
- Finance Director
- Board of Finance
- Town Counsel/Outside Counsel
- Property owners
- Developers/Financial Planning Firms
- Interested public/media