

Community Development, Urban Renewal, and Economic Development

*Benefits and Procedures of Tax Increment Financing
(aka Redevelopment)*

By

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What is Tax Increment Financing?

A tool for communities to create a property tax revenue fund that can be used to encourage new development

Commonly used throughout the United States to attract and promote economic development

*Sales tax is also an option

Benefits of Tax Increment (Redevelopment Agency)

- Fund community improvement, economic development, and blight remediation or urban renewal projects with tax increment
 - The sponsoring town/city/county does not have to bear this burden alone, but instead can share the burden with all taxing entities within a project area
 - Access more funds by diverting tax increment from all taxing entities within a project area
 - Use tax increment to pay for administrative expenses
- Streamlined incentive programs to attract development and enhance community with infrastructure and housing improvements

Benefits of Tax Increment (Redevelopment Agency), cont'd

- Reduce administrative hassle and expense by fulfilling all notice and hearing requirements up front
- Limit sponsoring town/city/county legal exposure by having the Agency, a separate political subdivision, enter into agreements with developers
- Agencies can operate much more freely, without many of the statutory requirements that restrict the sponsoring town/city/county
 - Gift property/provide development incentives more freely
 - Agency actions are not land use actions

A few examples of how to attract new development with TIF

- Fund infrastructure improvements
 - Street improvements, sewer, water, curb, gutter
- Fee waivers/reimbursements
- Business development grants/loans
- Property tax rebates
- Demolition
- Environmental cleanup
- Land purchase/project site assembly

Competition for New Development

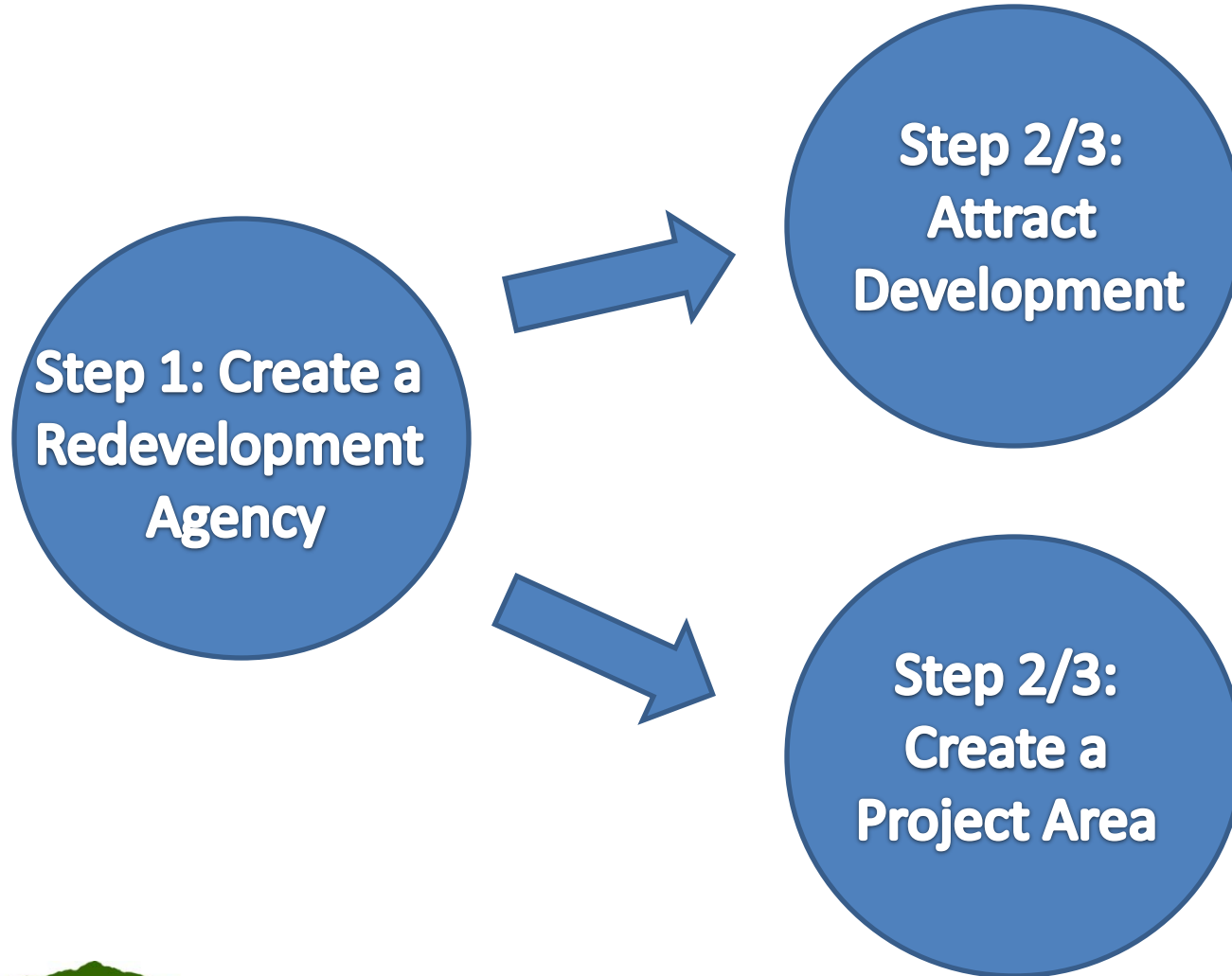
Most states, counties, cities and towns in the United States provide development incentives to attract and encourage business development

Tax increment financing (aka “TIF” or redevelopment) is the tool available in Utah for our communities to compete

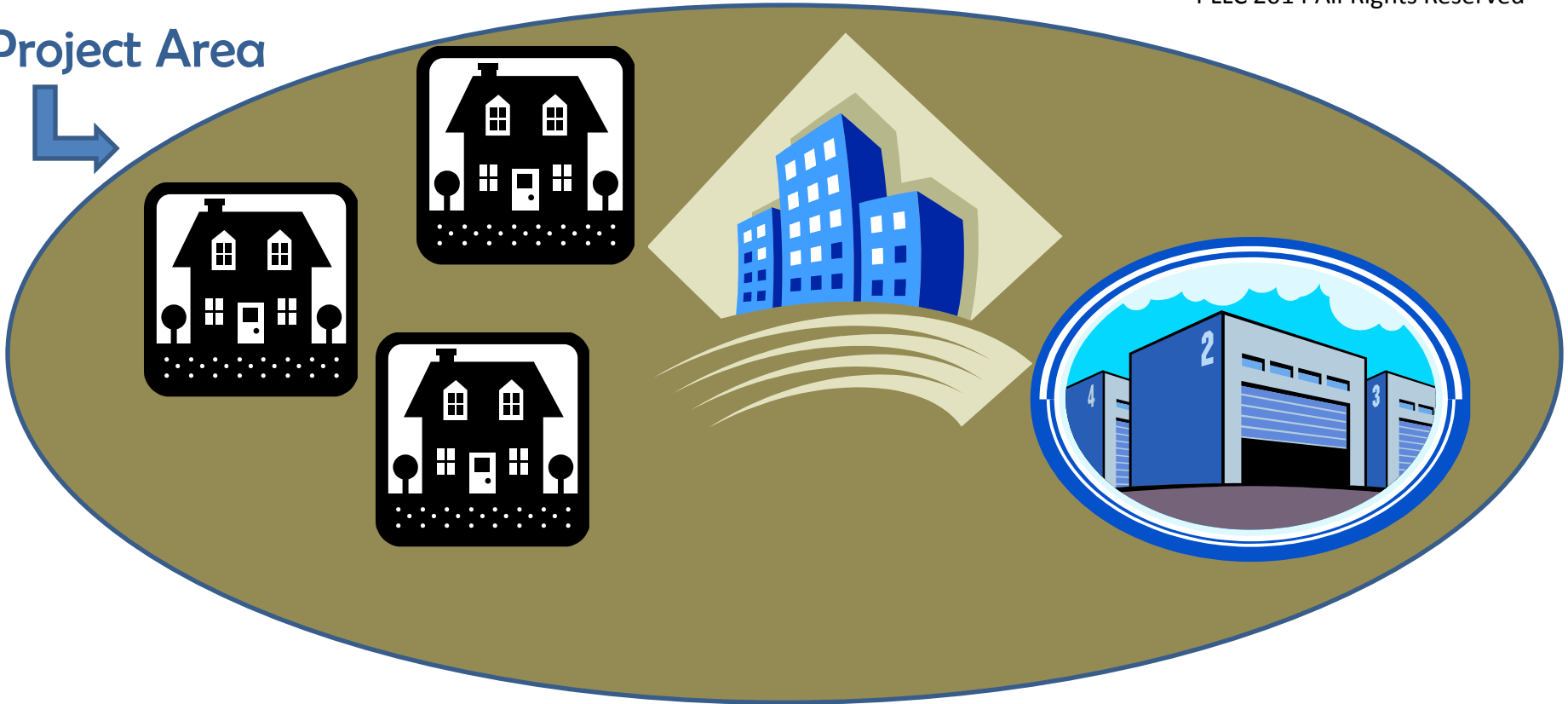
We must use TIF to attract high-quality employers, retail businesses, and to revitalize decaying areas



The Basic TIF Process



Project Area



Base Property Taxes



Tax Increment



Total Property Taxes



Three Ways to Access TIF

Urban Renewal Project Area

Eliminate and revitalize blighted areas

Economic Development Project Area

Promote the creation of nonretail jobs

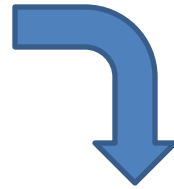
Community Development Project Area

Flexible approach to encourage community development, including retail

Urban Renewal



Eliminate
urban blight

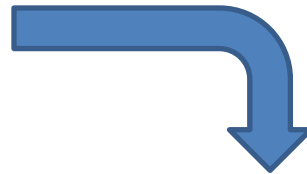


Revitalize your
community

Economic Development



Develop vacant land



into thriving
employment centers.

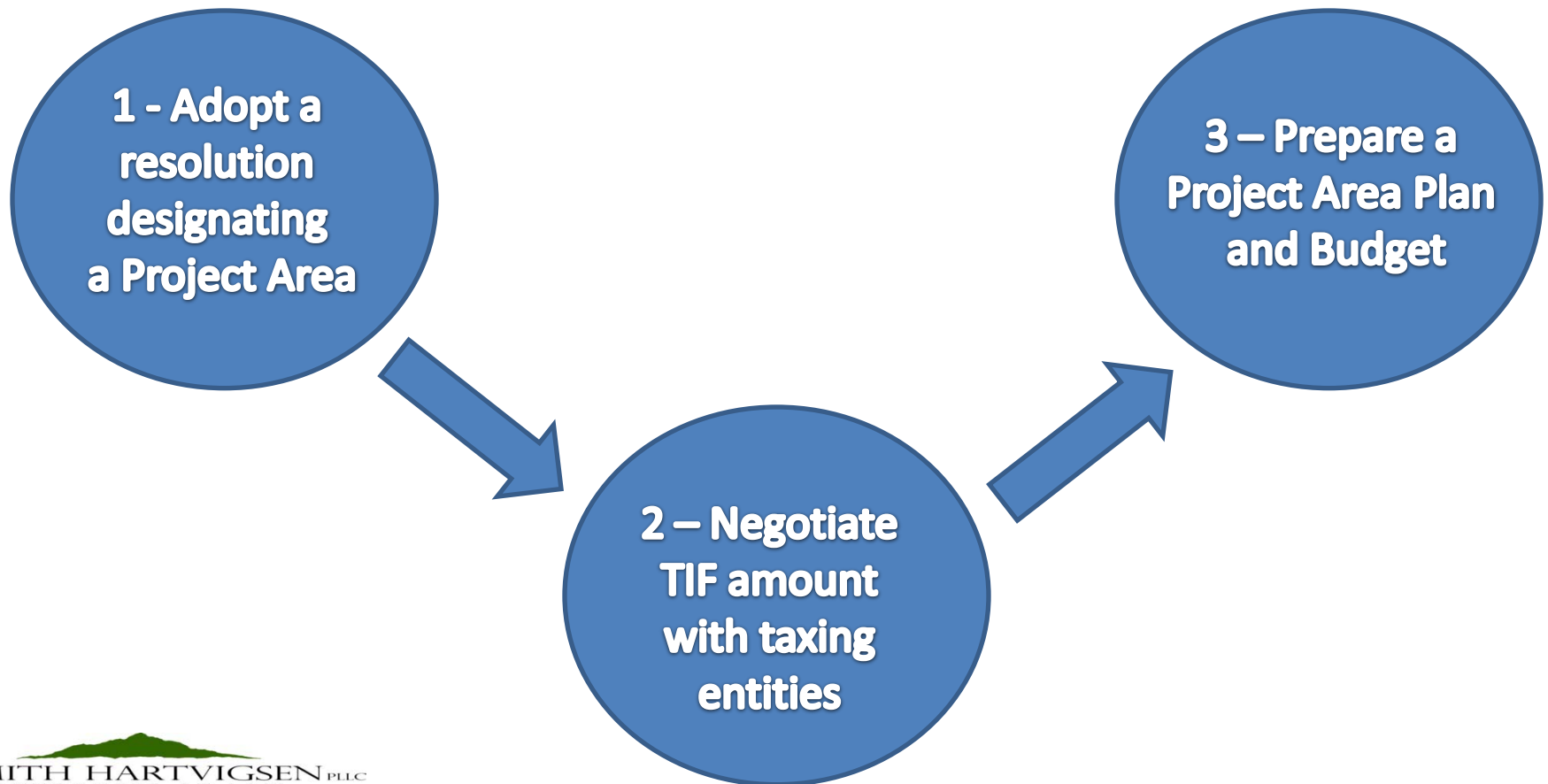
Community Development



A world of possibilities

Process to Create a Project Area

2 – 5 month process



TIF Negotiations

Urban Renewal and Economic Development:

- Call a Taxing Entity Committee (TEC) meeting to review and consent to the Project Area Budget

Community Development:

- Negotiate separate interlocal agreements with each taxing entity

Taxing Entity Committee (TEC)

8 member board to review and approve Project Area Budgets

- 2 reps from the County
- 2 reps from the City/Town
- 2 reps from the School District
- 1 rep from the State Office of Education
- 1 rep from all other taxing entities (special districts, etc.)

Annual Agency Responsibilities

(1) Annual budget

(2) Annual “November Report”

(3) Optional: Annual TEC meeting to review active Project Areas



Examples of Redevelopment Projects

- Young Subaru in South Ogden



Examples of Redevelopment Projects

- Solar projects in Beaver and Iron County



Examples of Redevelopment Projects

- Daybreak Commerce Park in South Jordan



Questions about Redevelopment?

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