

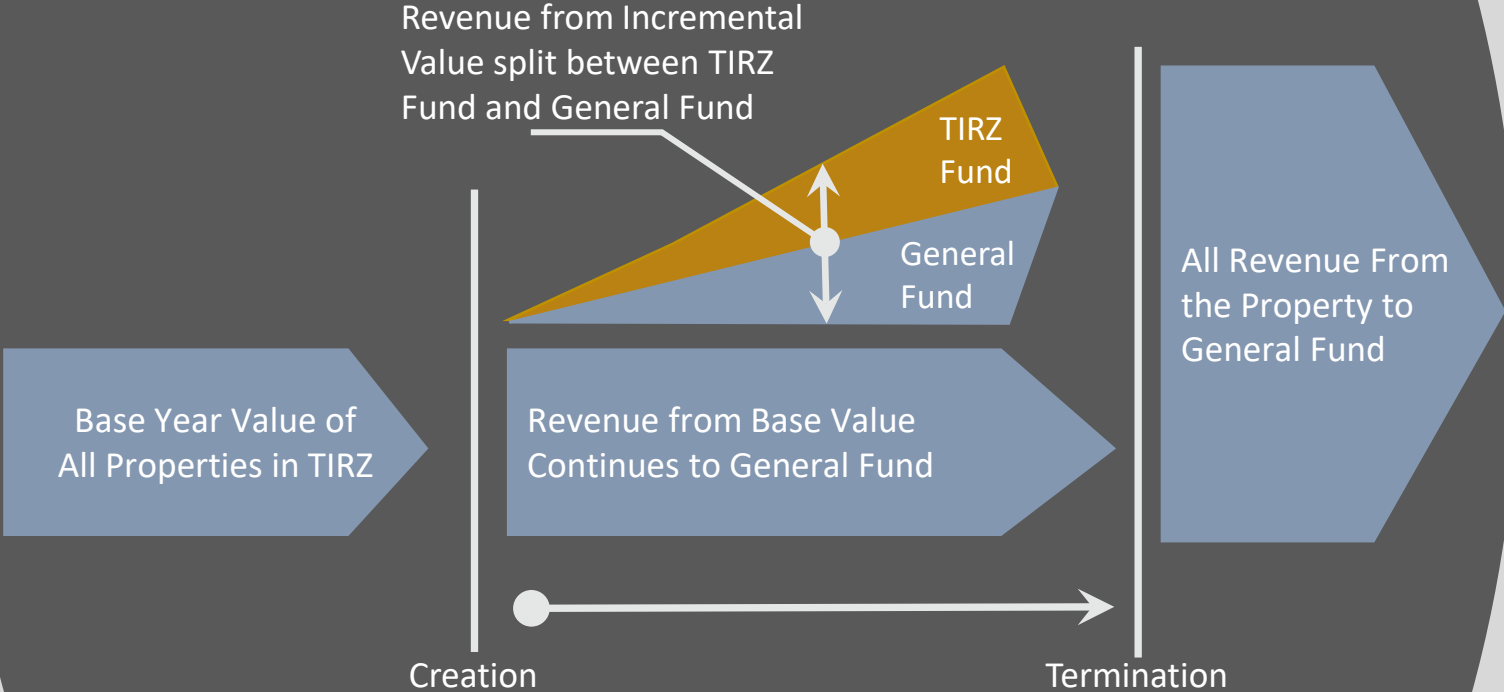
TAX INCREMENT REINVESTMENT ZONES 101



The “TIRZ” Tool

- A widely used economic development tool that allocates revenues for public improvement projects with NO NEW TAXES
- Public Improvements are paid for over time by allocating a portion of the revenues collected inside the zone
- 100% controlled by the local taxing entities
- No up front costs required
- No impact on the city’s bond rating or debt capacity

TIRZ Illustrated



TIRZ UTILIZATION

- As of July 2021, Comptroller reports:
 - 382 TIRZ zones in Texas
 - Total taxable value of \$89 billion across all TIRZs in the State

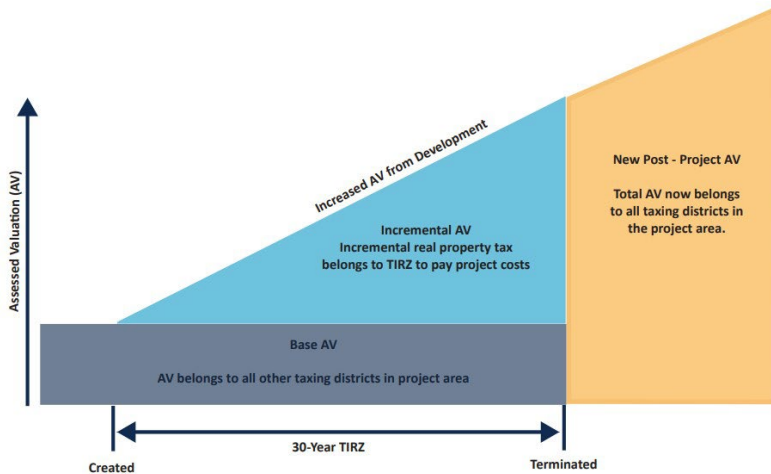
Example

- Property A is valued on December 31, 2020 for \$1,000,000
- The appraised value for 2021 goes up 3% making the property value \$1,030,000.
- The new tax increment that goes into the TIRZ fund is the taxes collected on the \$30,000

OR

- Property A is vacant and valued at \$100,000.
- Property A is improved with improvements valued at \$1,000,000 making the new property value \$1,100,000
- The new tax increment that goes into the TIRZ fund is the taxes collected on the \$1,000,000 in new improvements

Big Picture Considerations



- A TIRZ is a tool that Cities and Counties can use to finance infrastructure in a defined area
- The TIRZ Board of Directors make recommendations to the governing body of the City or County on the implementation of the tax increment financing
- Each taxing unit can choose what percentage, if any, it will contribute
- A TIRZ obligates future tax revenues from each participating taxing unit to pay for project costs
- TIRZ revenues can be used to offset annual installments of PID assessments

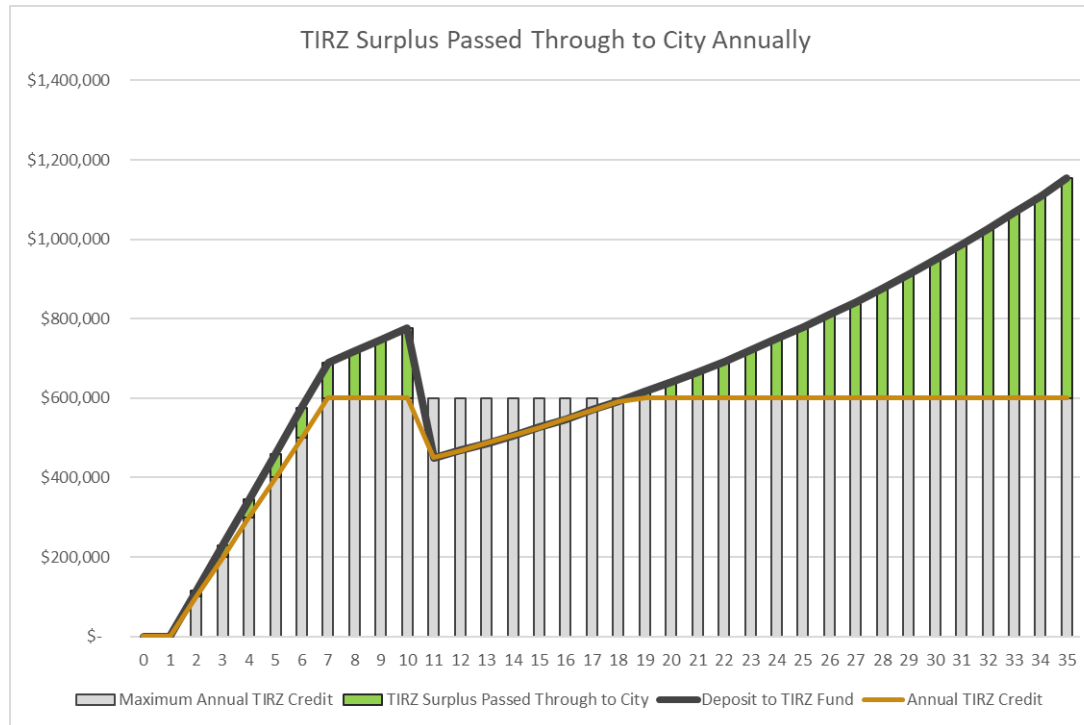
Reasons to consider a TIRZ

- Substantial areas of open or undeveloped land in which the sound growth and development of the area has been impaired
- Need for major public improvements to support sound growth and development
- Lack of capital or debt funding to pay the infrastructure costs up front
- Regional benefits that exceed the benefits realized within the boundaries of the area
- The area would not develop on its own in the foreseeable future due to the lack of public improvements
- Allows other local taxing entities (not including schools) to participate at their own discretion

CREATION PROCESS



PID/TIRZ Offset



Homeowner Annual Installment (Post-TIRZ)

