



Tax Increment Financing: An Overview

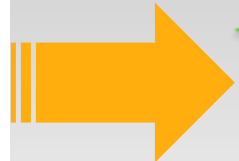
City of Westwood, Kansas
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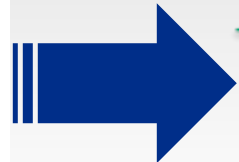
TIF: An Overview



➤ Redevelopment tool used for industrial, commercial, residential, and intermodal transportation projects.



Uses incremental property tax revenues, sales tax and transient guest tax to pay certain eligible costs



Revenues are used to pay for redevelopment project costs either by paying bonds or by “pay as you go”

Eligible Areas and Eligible Costs

Eligible Areas

- Conservation area
- Blighted area
- Pre-1992 Enterprise Zone

Eligible Costs

- Land Acquisition
- Site work and horizontal infrastructure
- Parking and landscaping
- Vertical construction costs generally *ineligible*

Key Terms: Base Year and Tax Increment

Base Year Assessed Valuation (BYAV)

- Determined on date district is established

Tax Increment

- Property taxes collected in excess of BYAV
- Begins upon establishment of district
- Excludes certain ineligible mill levies (28 mills USD; 1.5 mills State)

TIF Fund

- Increment deposited in separate TIF Fund
- Funds can be utilized only upon adoption of TIF Plan

Two-Step Process

Step One: Establish District

- Establishes geographic area
- Sets BYAV
- Begins collection of increment

Step Two: Adopt TIF Project Plan

- Can be multiple project areas/plans with a district
- Permits spending of TIF Funds
- Begins 20-year statutory TIF clock

Step One: TIF District Process

- ✓ Resolution calling for Public Hearing on District – Day 1
- ✓ Mailed Notice to Taxing Districts & Property Owners – Day 5
- ✓ Publish Notice – Day 25
- ✓ Public Hearing on District – Day 35
- ✓ Ordinance Approving District – Day 35
- ✓ County/USD Protest Period (if applicable) – Day 35 to 65

Step Two: TIF Project Plan Process

- ✓ TIF Plan prepared and submitted to City – Day 60
- ✓ Negotiation of Redevelopment Agreement
- ✓ Planning Commission Conformance Finding
- ✓ Resolution for Public Hearing on TIF Plan – Day 70
- ✓ Mailed Notice to Taxing Districts & Property Owners – Day 75
- ✓ Publish Notice – Day 91
- ✓ Public Hearing on TIF Plan – Day 101
- ✓ Ordinance Approving TIF Plan (Requires 2/3 vote) – Day 101