



## Tax Increment Financing



# Public Act No. 15-57

- An Act Establishing Tax Increment Financing Districts
  - Connecticut Main Street Center
  - Connecticut Chapter of the American Planning Association
  - Connecticut Economic Developers Association
  - Pullman and Comley, LLC.
  
- Effective October 1, 2015



# What is Tax Increment Financing?



## TIF

- Investment in a specified area (TIF District), repaid over time using the increased tax revenue generated by the investment.

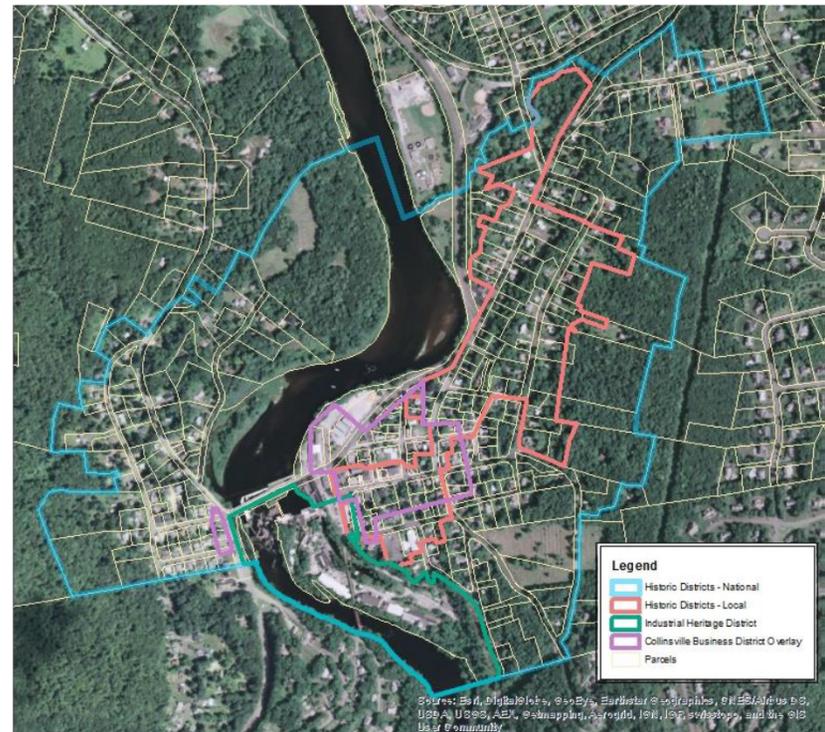
# Public Act No. 15-57

- An Act Establishing Tax Increment Financing Districts
  - Municipalities develop their own TIF Districts and Plans
  - Local decision making
  - Incentivizes development



# What is a TIF District Master Plan?

- A specified area within the town can be:
  - A single lot
  - Several properties
  - Contiguous or separated
- Criteria
  - Blighted
  - Rehabilitation
  - Downtown/ Mixed Use
  - 10%



# What is a TIF District Master Plan?



- Legal description of boundaries
- Tax ID #'s of affected lots
- Projections of increased revenues
- Financial Plan
- List of proposed municipal projects to be paid for with revenues
- Districts duration (max 50 years)
- 10 year review

# What's in the Financial Plan?

- Cost estimates
- Debt
- Revenue



# What's in the Financial Plan?

- Terms and Conditions

- Agreements, Contracts, Obligations



- Estimates of Districts Increased Assessed Value (IAV)

- Portion of IAV captured

# Capturing Increased Assessed Value

- Current assessed value of properties in district (OAV) = \$1,000,000
- After new development, current assessed value = \$3,000,000

\$3,000,000 (current valuation)

\$1,000,000 (OAV)

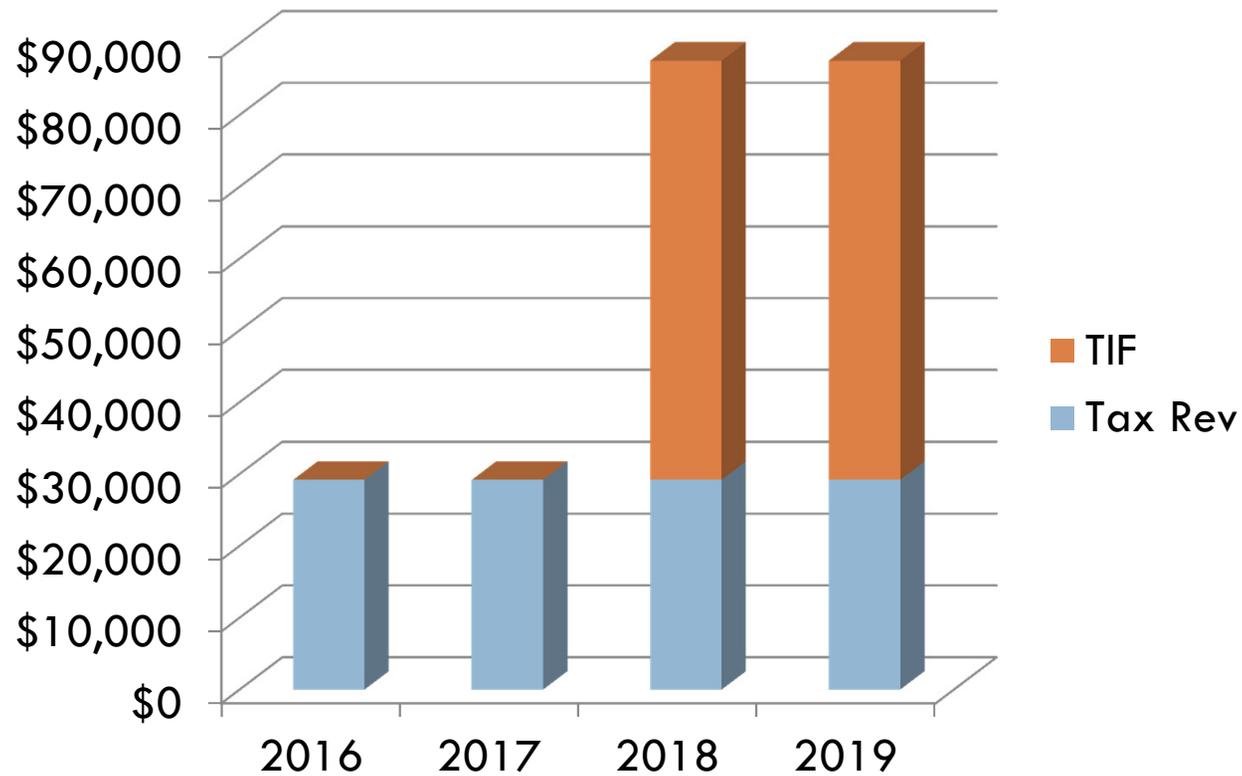
**\$2,000,000 (IAV)**

# Determining TIF Revenues

- IAV = \$2,000,000
- Determine amount captured in District = 100%
- Factor Mill Rate – 0.02919

$$\begin{aligned} & \$2,000,000 \times 100\% \times 0.02919 \\ & = \mathbf{\$58,380 = TIF Revenues} \end{aligned}$$

# Determining TIF Revenues



# Permitted Use of TIF Revenues\*



- ❑ Public Infrastructure Improvements
- ❑ Facade Improvements
- ❑ Project Development Costs
- ❑ Downtown District Development
- ❑ Capital Costs/ Remediation Costs/ Financing Costs
- ❑ Land Assembly Costs
- ❑ Technical and Marketing Assistance
- ❑ Revolving Loans

# Permitted Use of TIF Revenues



- Professional Services
- Debt Payment
- Administrative Expenses (including personnel, studies, reports)
- Business Assistance for District Property Owners
- TIF District Establishment Costs
- Credit Enhancement Agreements



## Why the Collins Company?

Canton's Most Underutilized Asset....?

What Has.....?    What Is.....?

Why Hasn't.....?    When Will....?

What Can.....?

# Why the Collins Company?



Present: 188 year old site  
19 acres, 13 Buildings

Appraised Value = \$1,572,520

Assessed Value at 70% = \$1,100,760

$\$1,100,760 \times 0.02919$

= **\$32,131 Tax Revenue**

# Why the Collins Company?



Potential:

Estimated Construction Costs = \$72,000,000

Assessed Value at 70% = \$50,400,000

$$\begin{aligned} & \$50,400,000 \times 0.02919 \\ = & \mathbf{\$1,471,176} \text{ Potential Tax Revenue} \end{aligned}$$

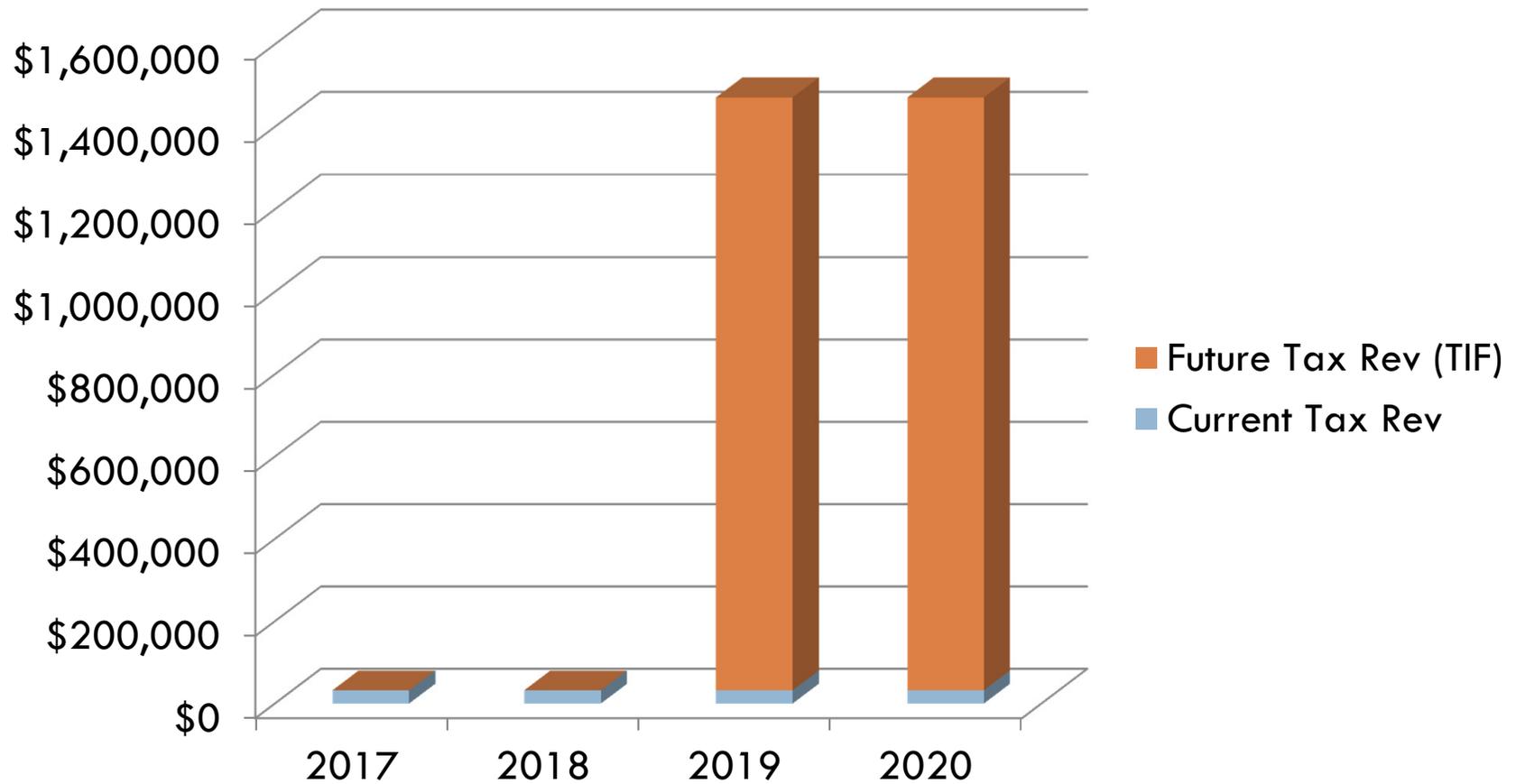
# Why the Collins Company?

□  $I\Delta V = \$50,400,000 - \$1,100,760 = \$49,299,240$

□  $TIF\ Revenue = \$49,299,240 \times 0.02919 =$

**\$1,439,045**

# Why the Collins Company?





TIF Master Plan Development

# Next Steps



- \$10,000 Grant
- Steering Committee
- Hire Technical Expertise
- **Engage, Educate, and Learn**
- Public Discussion and Consensus
- Develop a Shared Vision and Plan

# Next Steps



- Base District?
- Revenue Increases?
- What can TIF Revenues be used for?
- Financial Plan and TIF District Plan?
- Who is Responsible for What?
- The Rules, Do's and Don'ts?

# Approval Process

Pro-Active  
Declaration:

Here is What  
this  
Community Is  
Willing To Do

- ❑ Public meeting(s) to vet plan
- ❑ Public hearing required
- ❑ Referral to the Planning Commission
- ❑ BOS, BOF, Town Meeting approval
- ❑ Plan is implemented





**Think Outside the Box**

**Push the Envelope - Be the Instigator  
Not Re-Active, Pro-Active**

# Is it time to try something different?

- What if?
- How could?
- Why not?
- Why can't?
- How do?
- If not us, who?**
- If not now, when?**





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