

MEADOWBROOK PARK

PUBLIC WORKSHOP



MARCH 10/11, 2015
MEADOWBROOK CLUBHOUSE
PRAIRIE VILLAGE, KS
4:00 – 8:00 PM

Tax Increment Financing (TIF) Basics

TIF Basics:

- Tool used by cities in Kansas for redevelopment in eligible areas
- The theory of TIF is by encouraging redevelopment projects, the value of real property in a redevelopment district will increase and the tax increment (new taxes) are captured to assist in paying for the redevelopment
- Meadowbrook and southern property are eligible as a “conservation area” under Kansas law
- First step in the process is for the City Council approve the creation of a redevelopment district and approve a TIF district plan
- Second step is for the City Council to approve a redevelopment plan that describes the project
- Both steps require public hearings and published notice of the public hearings

How Does TIF Work:

- Diverts a portion of the new incremental property taxes in the TIF district
- Revenues are captured for a maximum 20 year period
- School District continues to receive 20 mills on current and increased assessed value

Industrial Revenue Bonds

- City issues industrial revenue bonds (IRBs) to finance the private portion of the project, which allows for the construction materials to be purchased on a sales tax exempt basis
- City is not responsible for payment of the IRBs
- Developer will contribute a portion of sales tax savings to the project fund for park improvements

The “Base” and the “Increment”

<p><u>Base</u></p> <p>Property Assessed Value - \$1,000</p> <p>Total Mill Levy - \$100/\$1000 of Assessed Value</p> <p>Total Tax Revenue - \$100</p>	<p><u>Property Tax Increment</u></p> <p>Total Assessed Value After Development - \$1,000,000</p> <p>Total Mill Levy - \$100/\$1000 of Assessed Value</p> <p>Total Revenue - \$100,000</p> <p>Less Base (100)</p> <p>Less 20 Mills (20,000)</p> <p>Less 1.5 Mills (1,500)</p> <p>Total Increment - \$78,400</p>
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