

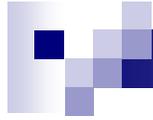
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Tax Increment Financing Districts

Kenny Chuculate

And

Nancy Grantham, Greg Hodges

State Auditor and Inspector's Office



Definition:

- Development tool which Cities, Towns, and Counties use to fund public costs of development and redevelopment projects.
- Allows a community to capture new tax revenues from reinvestment in the project area.
- New tax revenues from increased values in the area are called the “Increment”



TIF Authorization

- Oklahoma Constitution, Article 10 § 6C
- State Question 641, Approved November 6th 1990
- Statutory Reference: 62 O.S. § 850 to 862
- Districts Established for up to 25 years
- Does Not Increase Taxes
- Recommended by TIF Review Committee made up of Affected Jurisdictions and the Public
- Established by Governing Body of City, Town, or County



TIF Approved Requirements

- Must Identify and Define the Area
- Project or Area Specific
- Establish the TIF Review Committee
 - Representative of Governing Body
 - Representative of Each Affected Taxing Jurisdiction
 - Representative of Planning Commission, if any
 - Three Members of the Public at Large



Continued:

- Requires TIF Review Committee Recommendations
- Requires Planning Commission (if any) Findings
- Requires City Council Approval by Ordinance or County Commission Approval by Resolution



TIF Assessed Values

- **Base Assessed Value:** Total assessed value of all real and personal property within the district as of the effective date of the district.
- **Increment Assessed Value:** Total Assessed Value of all real and personal property within the district greater than the Base Assessed Value.
- **Reportable Assessed Value:** Total Assessed Value of all real and Personal property outside the district plus the Base Assessed Value of the district.



TIF Structure

- Tax From the Base Assessed Value Remain With the Same Jurisdictions
- Always Include both Real and Personal Property
- Tax From the Increase in Value is the “Increment”
- The Increment is used to Fund Project Costs



TIF Process After Approval

- County Assessor Must be Notified of a New TIF
- County Assessor Must Determine Base Assessed Value
- County Assessor Must Report Base Assessed Value to Governing Body



Increment Calculation Example

- Base Assessed Value: \$10 Million
- TIF Additions: \$20 Million
- Tax on Base Assessed Value: \$110 K Tax
- Increment: \$220 K Tax
- Tax on Base Assessed Value Allocated to all Taxing Jurisdictions
- Increment Allocated to District



Annual Reporting for a Taxing Jurisdiction

The Reportable Assessed Value (which includes Increment Assessed Value) is used for the Following:

- Excise Boards and Budget Boards
- Calculation of Levies
- Determination of Debt Limits
- Calculation of State Aid



Annual Reporting for a TIF District

The Base Assessed Value is used for the Following:

- Excise Boards and Budget Boards
- Calculation of Levies
- Determination of Debt Limits
- Calculation of State Aid



Certification of Assessed Values for Increment Districts

- New SA&I Form
- Assessor's Report to the Excise Board
- Associated Support Documents



TIF Districts

Determination of

Assessed Values and

Annual Reporting

State Board of Equalization
Presented by Nancy Grantham
2300 N. Lincoln Blvd
State Capitol, Room 100
Oklahoma City, OK 73105
Tel: (405) 521-3495
Email: ngrantham@sai.ok.gov



Introduction

- At the present time, several variations of the County Assessor's Report to the Excise Board (S. A. & I. Form No. 263) regarding Tax Increment Financing (TIF) Districts are being filed across the state. Our primary goal is to provide for a consistent report to the County Excise Board. Districts might be helpful.



Definitions and Determinations

Base Assessed Value (BAV)

BAV means the assessed value of all taxable real and personal property located within the TIF District as of the effective date of the TIF District established by the governing body.

- The County Assessor is to receive notification from the governing body of the establishment of the TIF District. The County Assessor has 90 days from the establishment date to determine and certify the Base Assessed Value (BAV). Once the BAV has been determined the County Assessor shall notify the governing body.
- If a taxing jurisdiction covers only a portion of the TIF District, the BAV for such taxing jurisdiction must also be determined by the County Assessor for the portion of the taxing jurisdiction affected by the TIF District.

Increment Assessed Value (IAV)

IAV means the portion of the annual assessed value of all taxable real and personal property within the TIF District in excess of the BAV.

- Annually, following the close of each fiscal year, the County Assessor shall provide the person in charge of the TIF District annual certification of the BAV and the value above the BAV, which is the IAV.

Reportable Assessed Value (RAV)

Reportable Assessed Value (RAV) is the total assessed value of all personal and real property outside of the Increment District (TIF) **plus** the **lesser** of:

- (a) the base assessed value of the TIF,
or
- (b) the actual assessed value of the
TIF.

Annually, the County Assessor shall determine the Reportable Assessed Value (RAV) for ad valorem tax purposes.



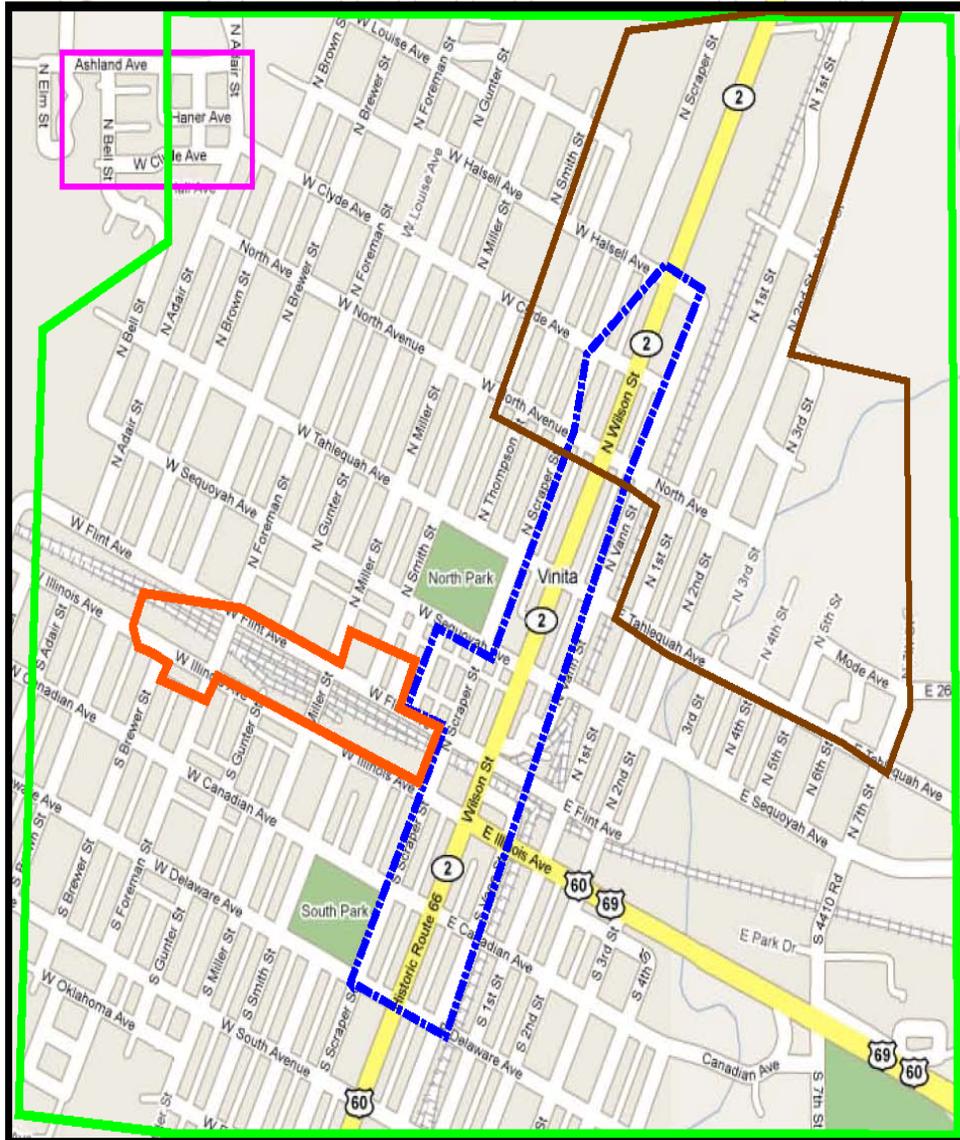
Importance of RAV

RAV is to be used in lieu of the total assessed values for each affected taxing jurisdiction in the TIF District for:

- **Equalization Board Budgets**
- **Calculation of Levies**
- **Determination of Debt Limitations**
- **Calculation of State School Aid**

Determination of RAV

Example – City of Vinita, Craig County, Oklahoma



LEGEND

	CITY OF VINITA
	SCHOOL DISTRICT
	VO-TECH DISTRICT
	TIF No. 1
	TIF No. 2
	TIF No. 3

NOTE: The map is intended to only be an example of how taxing jurisdictions and TIF Districts geographically interface. Neither the map or the following examples are indicative of the any TIF Districts established by the City of Vinita, nor the determination of assessed values by the Craig County Assessor.



Determination of RAV

Example: City of Vinita

	<u>BAV</u>	<u>TOTAL</u>	<u>IAV</u>
TIF No. 1	\$ 5,000.00	\$ 65,000.00	\$ 60,000.00
TIF No. 2	25,000.00	50,000.00	25,000.00
TIF No. 3	100,000.00	250,000.00	<u>150,000.00</u>
			<u>235,000.00</u>
			Clerk Cert
Total County	\$ 10,000,000.00		
Less TIFS	\$ <u>235,000.00</u>		\$
<u>235,000.00</u>			
RAV	\$ <u>9,765,000.00</u>		



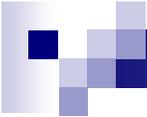
Determination of RAV *for* Each Affected Taxing Jurisdiction

Scenario A
City of Vinita

School District

	<u>Personal</u>	<u>Real</u>	<u>Total</u>
(+) Total Assessed Value of School District	\$ 75,000	\$175,000	\$ 250,000
(-) TIF No. 3 BAV (School District)	<u>\$ 25,000</u>	<u>\$ 75,000</u>	<u>\$100,000</u>
(=) IAV	<u>\$ 50,000</u>	<u>\$100,000</u>	<u>\$ 150,000</u>

Note: For simplicity, in this example it is assumed that the school district covers the entire area of TIF District No. 3. However, sometimes affected taxing jurisdictions cover only a portion of a TIF District. The next slide will show the scenario of a portion of the TIF District.



Determination of RAV

for

Each Affected Taxing Jurisdiction, *continued*

Scenario B
City of Vinita

Vo-Tech District

	<u>Personal</u>	<u>Real</u>	<u>Total</u>
(+) Total Assessed Value of Vo-Tech District	\$ 10,000	\$ 35,000	\$ 45,000
(-) TIF No. 3 BAV (Vo-Tech District)	<u>\$ 5,000</u>	<u>\$ 10,000</u>	<u>\$ 15,000</u>
(=) IAV	<u>\$ 5,000</u>	<u>\$ 25,000</u>	<u>\$ 30,000</u>

Note: In this example the Vo-Tech District does not cover the entire area of TIF District No. 3.



Mutual Understanding

- The County Assessor may choose to enter into a memorandum of understanding with the governing body and the County Treasurer regarding their respective duties for making annual determinations, certifications, and the maintaining of TIF accounts.



Summary and Review

- Definition of BAV and IAV
 - **BAV** means the assessed value of all real and personal property located within the TIF District as of the effective date of the TIF District established by the governing body.
 - **IAV** means the portion of the annual assessed value of real and personal property located within the TIF District, which is in excess of the BAV.
- Definition of RAV
 - RAV** is the total assessed value of all real and personal property outside the TIF District plus the lesser of the:
 - a. base assessed value of the TIF District.
 - or
 - b. actual assessed value of the TIF District.
- Annually Determine the Reportable Assessed Value (RAV) and Increment Assessed Value (IAV), if any.
- RAV is to be used in lieu of the total assessed values for each affected taxing jurisdiction in the TIF for:
 - Equalization Board Budgets
 - Calculation of Levies
 - Determination of Debt Limitations
 - Calculations of State School Aid



Questions