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"