CDRA Work Session

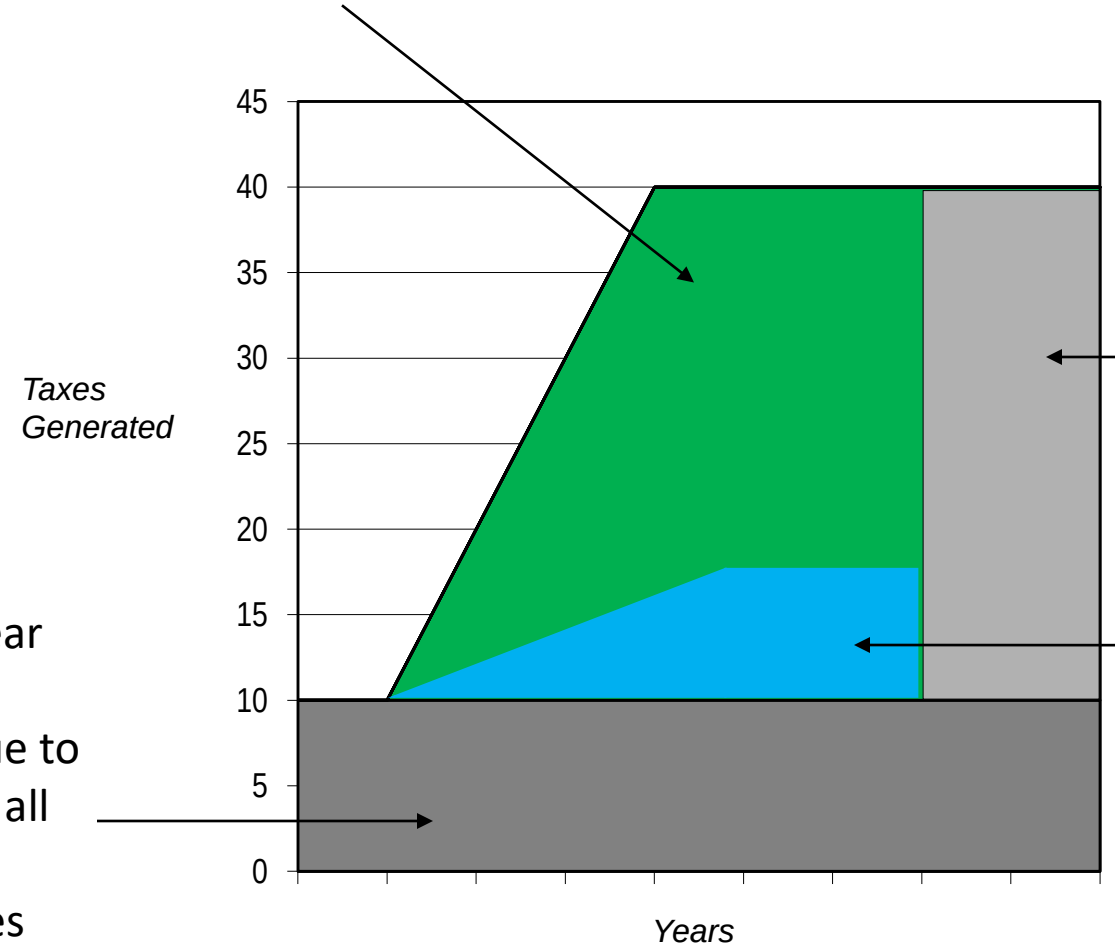
April 16, 2019

What is TIF (Tax Increment Financing)?

- *A temporary redistribution of property tax revenue*
- *CRA Act (Community Reinvestment Agency) UC 17C*
  - *Requires a CDRA (Community Development & Renewal Agency) be created*
  - *Project Areas are created*
- *Allows the Agency to enter into interlocal agreements with the local taxing entities to capture property tax increment to use as incentives and/or to finance public improvements*

*Graph courtesy of Zions Bank Public Finance

Portion of increment diverted to CDRA for investment in project area duration of project “life”



When project ends, all property taxes flow to taxing agencies

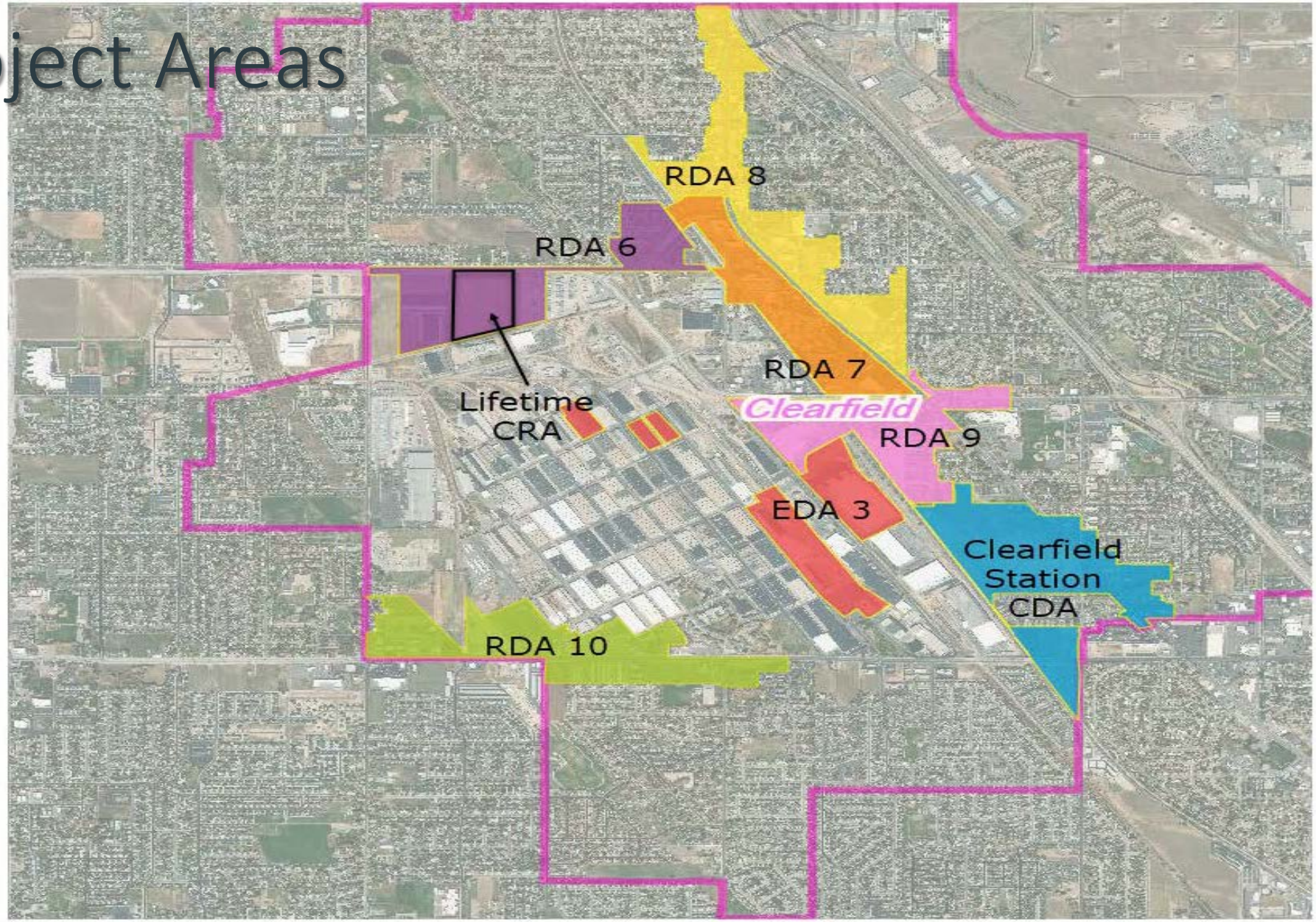
Portion of increment flows to Taxing Entities during the term of the project

Base Year taxes continue to flow to all taxing agencies

How is TIF used?

- *Tax increment can be paid to a business or developer as:*
  - *A reimbursement for public improvements (streets and utilities infrastructure), relocation costs, or other expense*
  - *A straight incentive (akin to a property tax abatement / refund)*
- *Tax increment can finance public improvements by servicing the associated bonds*
  - *Reduces the up front cost to the incoming business*

Current Project Areas



Lifetime CRA Creation

- *Resolution to approve the Interlocal Agreement with Davis County School District to implement the Lifetime CRA Plan and Budget*
- *Project Area will collect $4.2 million over 15 years*
  - *$2.27 million would be DCSD contributions*
- *DCSD has already approved this Interlocal Agreement*
- *Resolution will be on the April 23rd Policy Session Agenda*

FY20 CDRA Draft Budget Review

FY20 CDRA Draft Budget									
	RDA 6	RDA 7	RDA 8	RDA 9	RDA 10	EDA 3 (ATK)	Clfd Stn CDA (1)	General CDRA	Fund 20 Total
Revenue									
Tax Increment Revenue	$201,040.65	$243,537.04	$251,528.77	$341,200.99	$332,184.34	$774,374.00	$274,233.00		$2,418,098.80
Interest Earnings								$75,000.00	$75,000.00
Total:	$201,040.65	$243,537.04	$251,528.77	$341,200.99	$332,184.34	$774,374.00	$274,233.00	$75,000.00	**$2,493,098.80**
Transfers and Expenditures									
TRNF to GF: Sales Tax Bond Payment	$25,000.00	$135,408.00	$90,000.00	$233,800.00	$290,000.00				$774,208.00
TRNF to GF: CDRA Administration		$25,000.00	$60,000.00	$30,000.00	$40,000.00	$38,719.00	$13,711.65		$207,430.65
Incentive Payments*		$72,042.30				$634,987.00	$260,521.35		$967,550.65
Interest on EF Loan								$24,000.00	$24,000.00
Total:	$25,000.00	$232,450.30	$150,000.00	$263,800.00	$330,000.00	$673,706.00	$274,233.00	$24,000.00	**$1,973,189.30**
Contribution to/(use of) Fund Balance:**	$176,040.65	$11,086.74	$101,528.77	$77,400.99	$2,184.34	$100,668.00	$0.00	$51,000.00	**$519,909.50**
Expiration Year (fiscal):	2031	2024	2026	2027	2027	2032	2038		
*Incentive payments in FY20 will be made for the City Centre project (RDA 7), Orbital ATK (EDA 3), and Clearfield Station Apartments (Clfd Stn CDA).									
**Fund balance from RDA project areas will accummulate over the next several years in order store up sufficient funds to service the sales tax bond in the future.									