

City of Greensburg, Indiana Tax Increment Financing

UMBAUGH



It's all about experience.

December 6, 2004

What Is TIF?

- *Tax increment financing (or “TIF”) is a tool which captures property taxes from new development.*
- *Captures increases in real property taxes and, at times, depreciable personal property taxes.*
- *Usually captures only commercial and industrial property.*

Why Is TIF Used?

- *To finance incentives or infrastructure needed to induce private investment.*
 - *Induce investment that would not have occurred without the use of TIF, or*
 - *Encourage orderly growth within a specific area that would not have occurred without the use of TIF.*

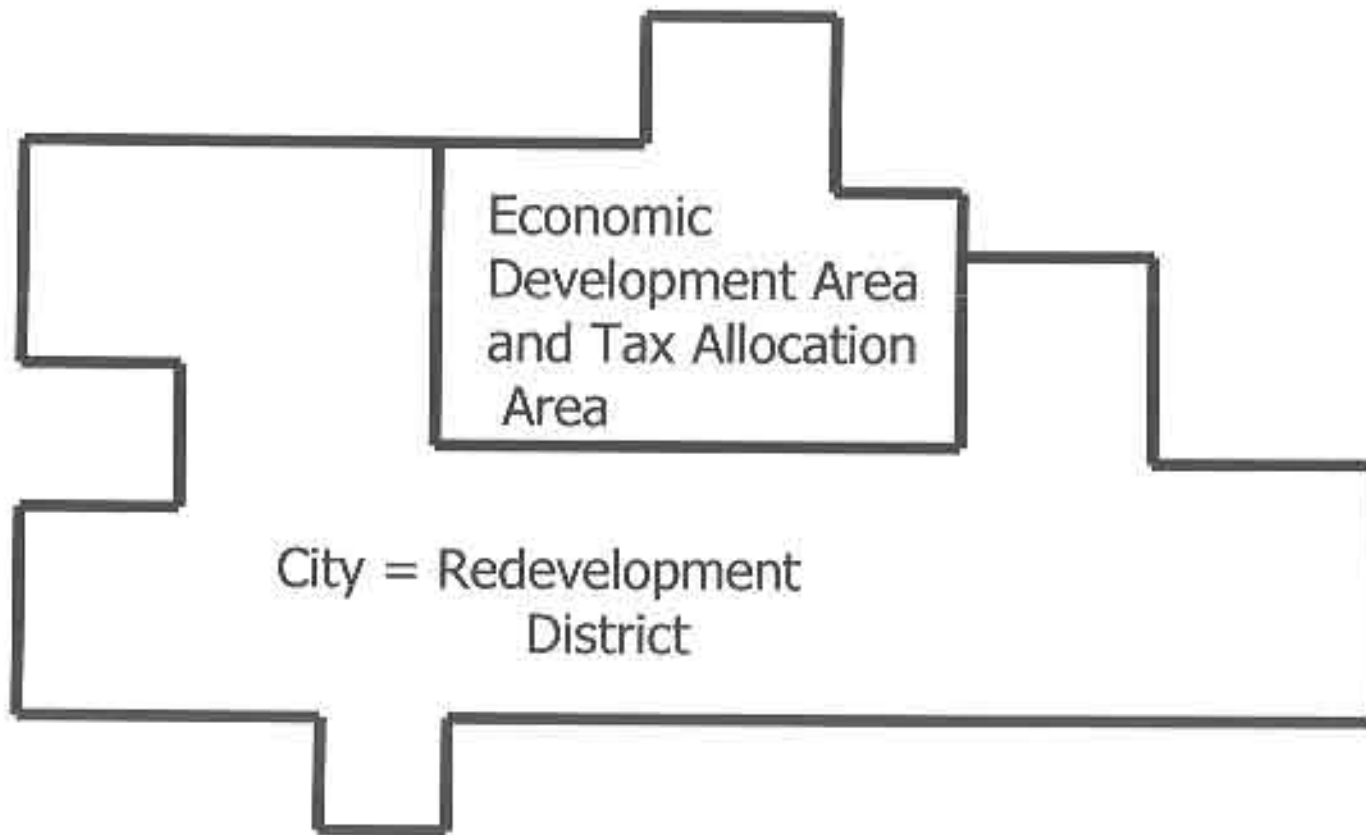
How Can TIF Be Used?

- *Infrastructure or other incentives which are in, benefiting or serving an allocation area.*
 - *Utility improvements*
 - *Rail & roads*
 - *Land acquisition / development*
 - *Buildings / equipment*
- *May be on a pay-as-you go basis or to make debt service payments on bonds*

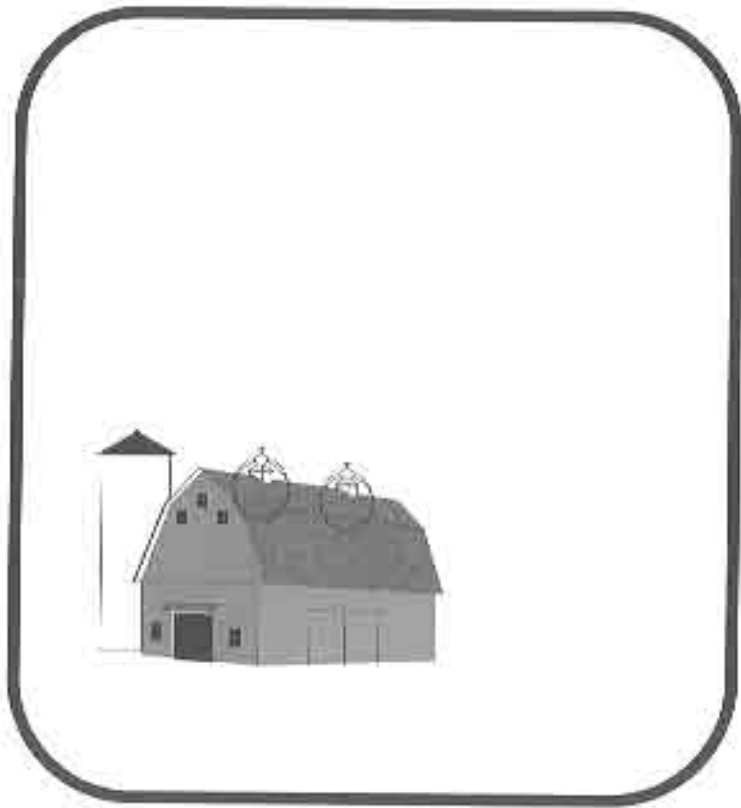
How Is TIF Collected?

- *An “allocation area” is established by the City as of a specific assessment date.*
- *Existing assessment cannot be captured.*
- *Increases in assessments become incremental assessed value.*
- *All property taxes applicable to new assessed value are captured.*
- *Captured taxes can then be used for improvements in, serving or benefiting area.*

TIF Districts and Allocation Areas



Tax Allocation Area – Before New Construction



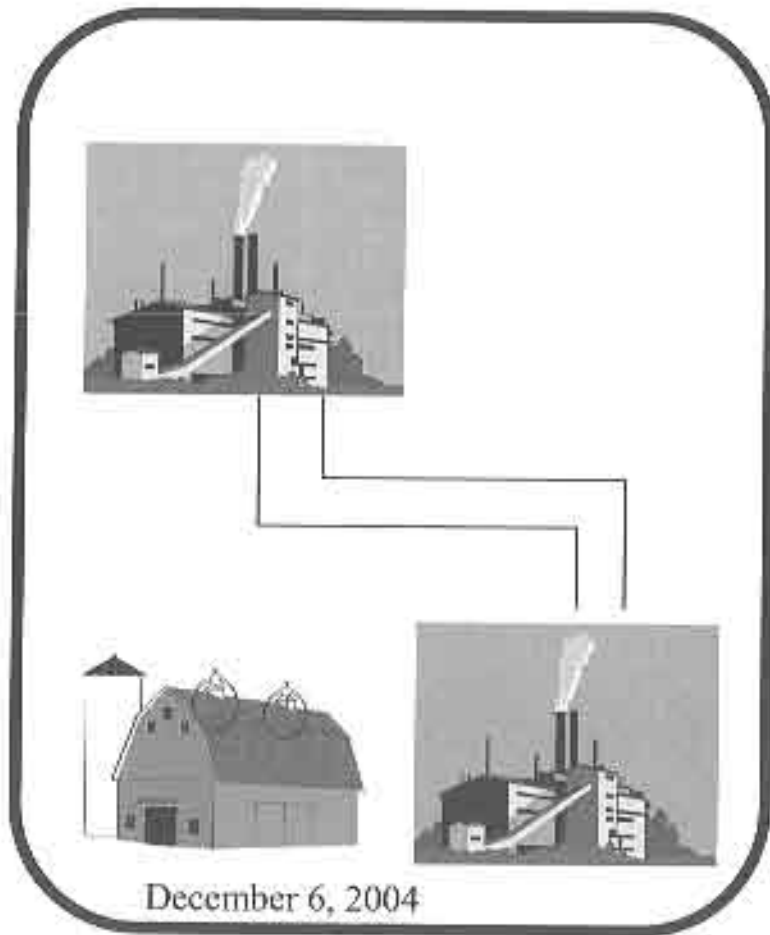
$$\text{Base NAV} \times \text{Tax Rate} = \text{Taxes}$$

- County
- School
- Library
- City/Town

December 6, 2004

UMBAUGH

Tax Allocation Area – After New Construction



December 6, 2004

**Incremental
Assessed Value** x **Tax
Rate** = **TIF
Taxes**

**Redevelopment
Commission
Allocation
Fund**

**Base
Assessed Value** x **Tax
Rate** = **Taxes**

→ **County**
→ **School**
→ **Library**
→ **City/Town**

UMBAUGH