

Example of Proposed SB3151's Impact on TIF Funds

	1 Base Initial EAV	2 EAV for RPA	3 = 2 - 1 EAV Increment	4 EAV for Other Property in Taxing District	5 = 1 + 4 EAV for Taxing District	6 Levy Request	7 = 6 / 5 Tax Rate	8 = 3 x 7 Property Tax Increment
2011	\$5,000,000	\$5,000,000	\$0	\$45,000,000	\$50,000,000	n/a	n/a	n/a
2016 No CPI Impact to Base Initial EAV*	\$5,000,000	\$30,000,000	\$25,000,000	\$54,000,000	\$59,000,000	\$1,000,000	1.694915%	\$423,729
2016 With CPI Impact to Base Initial EAV*	\$6,000,000	\$30,000,000	\$24,000,000	\$54,000,000	\$60,000,000	\$1,000,000	1.666667%	\$400,000

* Assume CPI increases by 20% from 2011 to 2016.

Suppose a Redevelopment Project Area is established in 2011 with an initial EAV of \$5,000,000 (column 1) and the EAV of all property in the taxing district (including the Redevelopment Project Area) is \$50,000,000 (column 5). In 2016, the total EAV of the Redevelopment Project Area grows from \$5,000,000 (column 1) to \$30,000,000 (column 2). Meanwhile, the EAV of the other property in the taxing district also increases from \$45,000,000 (column 4) to \$54,000,000 (column 4) because of a cumulative 20% CPI rise from 2011 to 2016. If the 2016 levy is \$1,000,000 (column 6) and without consideration of the proposed Amendment, the property tax rate is approximately 1.69% (column 7). As a result, the property tax increment available for development projects is \$423,729 (column 8).

If the proposed Amendment is adopted, then the amount of available property tax increment could decrease. The initial EAV of the Redevelopment Project Area would be increased to \$6,000,000 ($\$5,000,000 \times 120\% = \$6,000,000$) (column 1), reducing the EAV increment of the Redevelopment Project Area from \$25,000,000 (column 3) to \$24,000,000 (column 3). Assuming the levy request would remain \$1,000,000 and since the taxing district's EAV would increase from \$59,000,000 (column 5) to \$60,000,000 (column 5), the property tax rate for the entire taxing district would be reduced to approximately 1.67% (column 7). As a result, the property tax increment available for development projects would be reduced to \$400,000 (column 8).