

Key Concepts in Tax Increment Financing

I. Concept of Tax Increment Financing

- A. Real Property Tax Increment Allocation Redevelopment Act
 - a. (R.S. Mo. 99.800 – 99.865)
- B. Public/Private Partnership Tool
- C. Incentive to Overcome Development Challenges
- D. New Taxes Used to Pay for Eligible Project Costs
- E. Enables an Area to fund its own revitalization

II. TIF Process

- A. The TIF Commission
- B. Timing Requirements and Notifications

III. Terminology

- A. Redevelopment Area
- B. Redevelopment Project Area
- C. Payments in Lieu of Taxes (PILOTS)
- D. Economic Activity Taxes (EATS)
- E. Special Allocation Fund
- F. “Super TIF”

IV. Redevelopment Plan

- A. Findings
 - a. Qualification Criteria
 - i. Blighted Area
 - ii. Conservation Area
 - iii. Economic Development Area
 - b. “But For” Test
 - c. 23 - Year Timeframe
 - d. Conformance with Comprehensive Plan
 - e. Policy and Plan for Relocation Assistance
 - f. 10-year Limitation for Initiation of Projects

V. TIF Financing

- A. SOURCES
 - a. Incremental Revenue Resources
 - i. 100% Real Property Taxes (PILOTS)
 - ii. 50% Economic Activity Taxes (EATS) (Sales and Utility Taxes)
 - b. Cost-Benefit Analysis for Affected Taxing Districts
 - i. New Revenues to Affected Taxing Districts
 - ii. Other (Bottom) 50% of EATS
 - iii. New Personal Property Taxes
 - iv. Commercial Surcharge
 - v. All Revenues Upon Conclusion of District
- B. USES
 - a. TIF Notes and TIF Bonds
 - b. Pay as you-go.

For more information on TIF and other programs, go to: <http://www.missouridevelopment.org/>