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DEVELOPMENT LAW



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**DOWNTOWN AREA TAX INCREMENT FINANCING  
ECONOMIC DEVELOPMENT PROJECT PLAN  
AUGUST 1, 2019**

# What is TIF?

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- Tax increment financing (TIF) is a public tool that reallocates newly generated tax dollars for up to 25 years for supporting development or redevelopment in certain, limited areas of a city, town, or county.
- In Oklahoma, the terms and conditions for using TIF are provided in the Local Development Act (Act) (62 O.S. §§ 850-869), enacted by the State in 1992 and has been amended several times.
- TIF is used to help generate private development projects through the funding by tax dollars of public improvements and other eligible **project costs** defined in the Act.

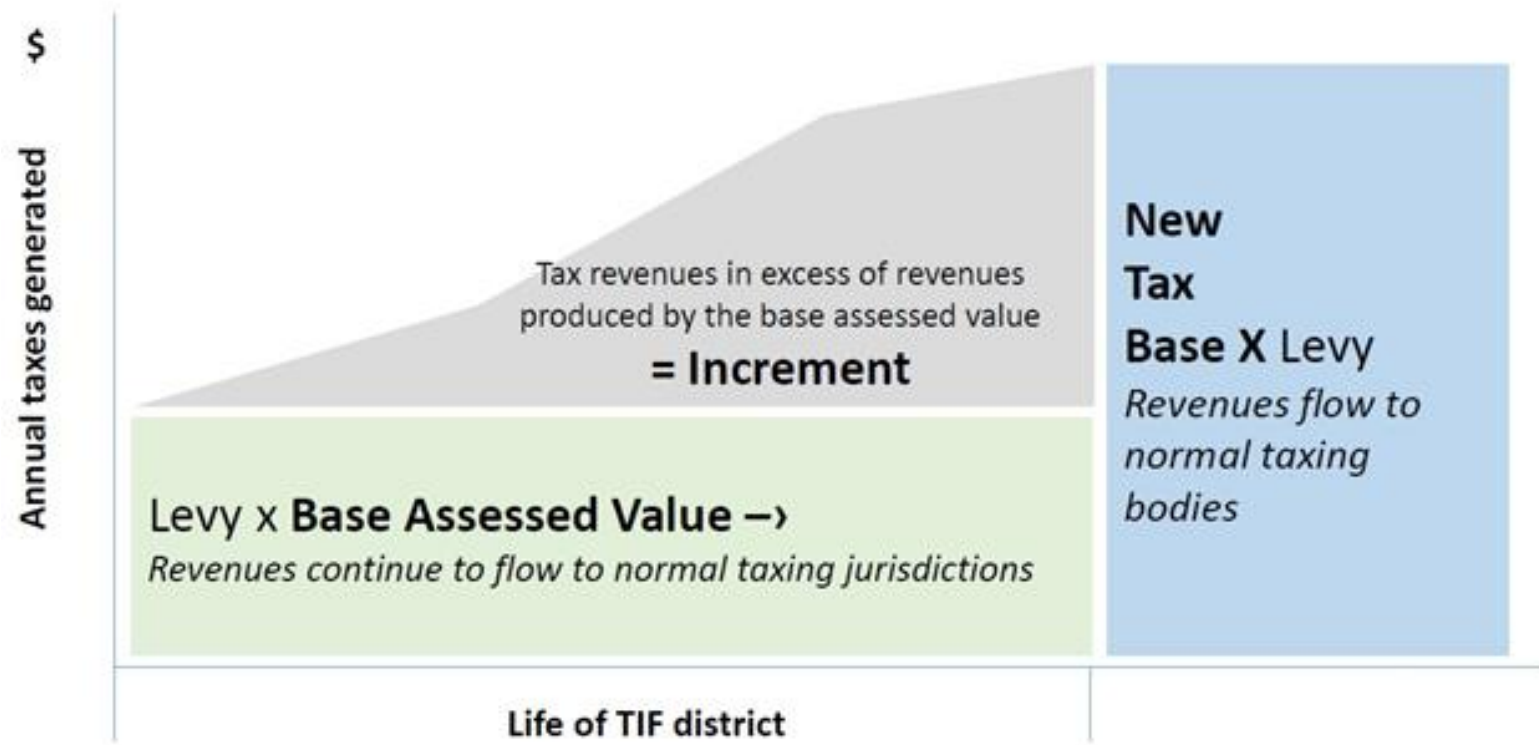
# How Does TIF work

## Increment -> Project Costs

TIF works by apportioning an **increment** of local taxes to fund eligible project costs.

When a TIF district is established a base amount is set.

When the project generates tax revenues above the base, the new revenues are used to help pay the costs of new project.



# HOW MAY TIF REVENUES BE USED?

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- TIF revenues may be spent only for publicly approved project costs within a specific geographic area, known as the Project Area.
- The Local Development Act defines project costs to include a wide range of public expenditures, including:
  - The cost of public works, public improvements, land acquisition, clearance, and grading,
  - Financing, professional services, administration, interest, fees, and
  - Assistance in development financing for private projects.

# Downtown Area Master Plan (2010)

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- Provides guidance for public and private development in the core of the city.
- Reflects a desire to revitalize the downtown
- Recommends urban design criteria to support high-quality, contextual development and placemaking.
- Seeks increased residential opportunities to create an active environment 24/7.
- Recognizes the need for transportation improvements including streetscaping, parking structures, and transit facilities to create a more densely developed downtown.
- TIF funds should be spent in support of implementing the Downtown Area Master Plan

# DOWNTOWN AREA TIF PROJECT PLAN: CONSIDERATION AND APPROVAL PROCESSES

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- **Review Committee :** *Unanimously recommended by representatives of all Taxing Entities and 3 at-large members of the Public, October 17, 2017*
- **TMAPC:** *Unanimously recommended, November 1, 2017.*
- **Two Public Hearings were before City Council:**
  - November 29 (*first reading*) and December 13 (*second reading*)
- **Adopted by City Council:** *Project Plan unanimously approved by Ordinance #23832 on December 13, 2017 (published December 23, 2017)*
- **Art District TIF** *unanimously activated by City Council by Ordinance #23832 on December 13, 2017*  
**Greenwood and Ballpark TIF Areas** *unanimously activated by City Council March 14, 2018 by Ordinance # 23882 (Ballpark) and #23883 (Greenwood)*
- **East End TIF** *unanimously approved by City Council by Ordinance #24020 on October 24, 2018*

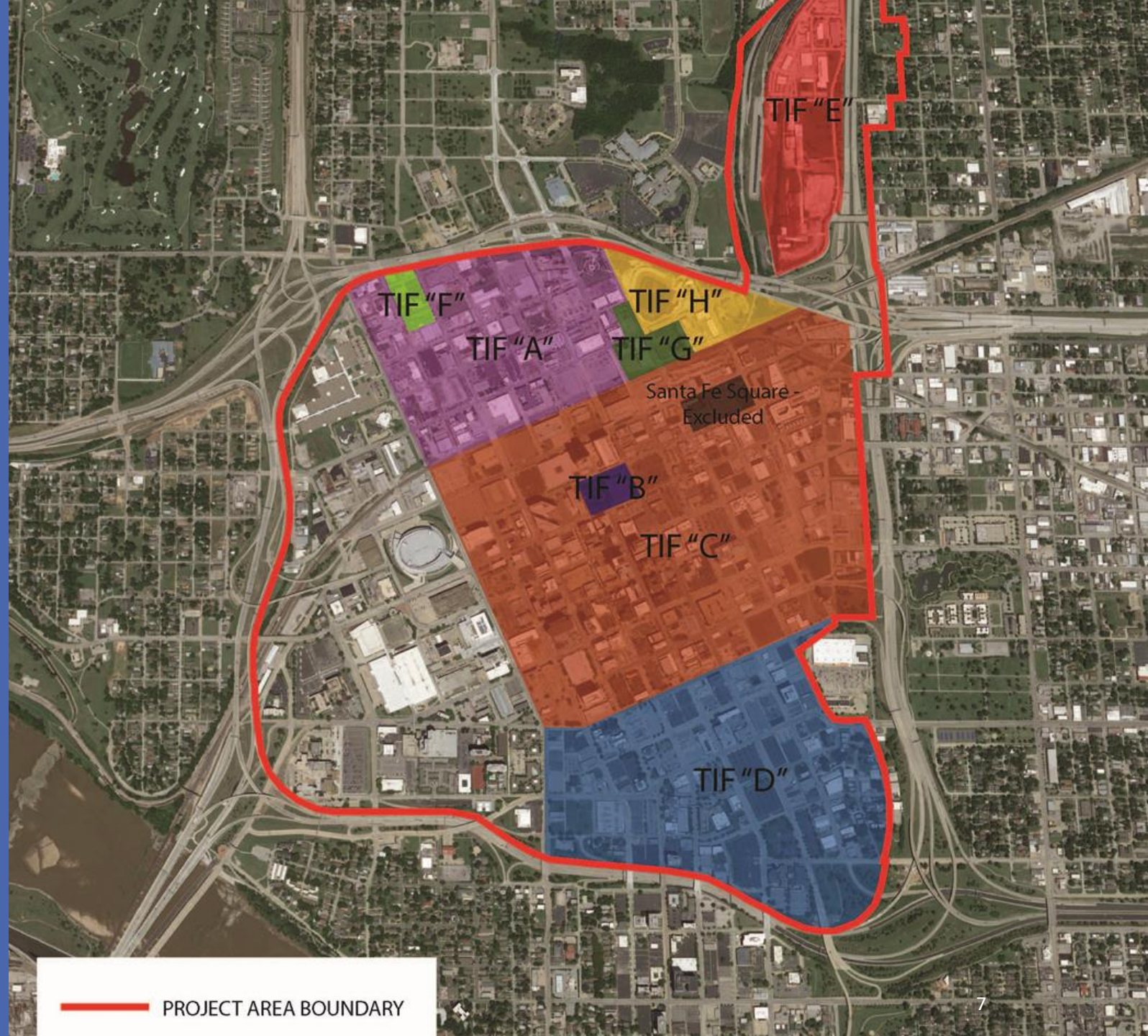


# 1 Project Area and 8 Tax Increment Districts

**Project Area** is the area in which generated increment taxes may be spent on Project Costs

**Increment Districts** are the areas in which the tax increment is generated and collected.

- TIF A (Arts District) activated when the Project Plan was approved on 12.28.17.
- TIFs G & H (Greenwood and Ballpark) were activated April 4, 2018)
- TIF C (East End) activated Nov. 3, 2018.
- TIF's B, D, E and F will be activated by future City Council resolution (must be before December 2027)



# Project Plan Objectives

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- Facilitate development downtown in order to generate \$1 billion dollars in new private investment and to initiate a catalytic effect for nearby neighborhoods.
- Provide a funding mechanism for a substantial portion of the local public investment required to fund public infrastructure.
- Enhance the tax base and make possible investment, development, and growth that would not otherwise occur.
- Activate the street level and enhance pedestrian accessibility.
- Establish minimum standards for projects receiving assistance, to promote high-quality development and placemaking.
- Offer increased residential opportunities in a variety of types and with a range of prices.



# BUDGET OF PROJECT COSTS FOR TIF

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Public Improvements and Infrastructure:	\$	90,000,000
Assistance in Development Financing:	\$	170,000,000
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<b>Total Authorized Budget :</b>	<b>\$</b>	<b>260,000,000</b>

*\* 4% of the annual ad valorem increment for administration and implementation, financing costs, costs of issuance, reserves, and interest may be collected above the authorized budget.*

# REVENUE SHARING FOR TULSA PUBLIC SCHOOLS

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- The City voluntarily agreed to provide Ten percent (10%) of all the *ad valorem tax* increment generated by all the Increment Districts other than Increment District B ( the Performing Arts Center TIF project) to be apportioned to TPS on an on going basis as a specific revenue source for a public entity in accordance with Section 853(9) of the Local Development Act.

# Examples of Public Improvements and Infrastructure

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- Streets, sidewalks, streetscapes, lighting, transit improvements
- Utilities, water, storm, sewer, drainage
- Public buildings and structures
- *Basically any publicly-let contract or publicly-owned improvement*

# Assistance in Development Financing

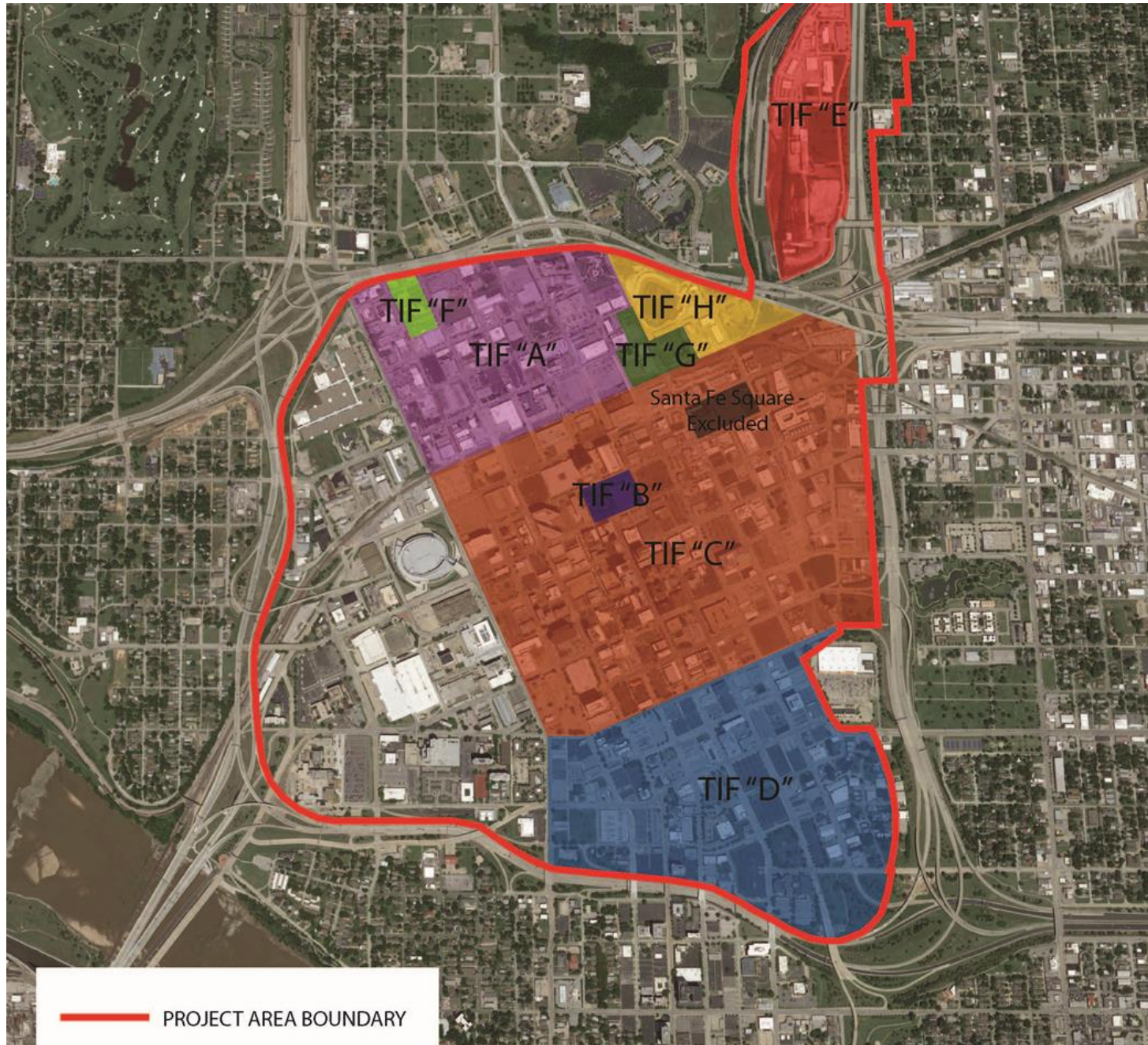
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Public financing assistance to incentivize a private project or to make a private project financially feasible.

**Must be provided under a legal contract with developer to ensure:**

1. Adequate consideration
2. Enforceability

Development Agreements are used to **leverage** private development and to get a higher quality and greater investment. Developments must be in support of the Downtown Area Master Plan and TIF Policies adopted by the City of Tulsa.





# TIF Districts: Revenues and Collections

INCREMENT DISTRICTS		AD VALOREM		SALES TAX			Maximum Budget ( \$ )
		TIF	TPS Share	TIF	Rate	TIF Applicability	
<b>A:</b>	<b><i>The Arts TIF District</i></b>	Yes	10%	Yes	2% (undedicated)	• Retail	5,000,000
<b>B:</b>	<b><i>PAC TIF District</i></b>	Yes	-	Yes	3.65%	• Construction • Retail	39,000,000
<b>C:</b>	<b><i>East End TIF District</i></b>	Yes	10%	No	-	-	90,000,000
<b>D:</b>	<b><i>Cathedral TIF District</i></b>	Yes	10%	No	-	-	25,000,000
<b>E:</b>	<b><i>Evans-Fintube TIF District</i></b>	Yes	10%	Yes	2% (undedicated)	• Construction	40,000,000
<b>F:</b>	<b><i>Western Supply TIF District</i></b>	Yes	10%	Yes	2% (undedicated)	• Construction • Retail	28,000,000
<b>G:</b>	<b><i>Ball Park Area TIF District</i></b>	Yes	10%	Yes	2% (undedicated)	• Construction • Retail	28,000,000
<b>H:</b>	<b><i>Greenwood TIF District</i></b>	Yes	10%	No	-	-	5,000,000

# Project Plan Authorizations & Responsibilities

- The City is designated as the principal public entity to carry out and administer the Project Plan.
- The Tulsa Industrial Authority (TIA) is authorized by the City to assist in carrying out the Project Plan.
  - pledge revenues,
  - incur Project Costs,
  - issue tax apportionment bonds or notes (on rare occasions),
  - provide funds to or reimburse the City for Project Costs,
  - incur the costs of issuance of bonds,
  - negotiate levels of developer assistance in accordance with TIF Policy.
- TIA's Responsibilities include:
  - Entering into Development Agreements to leverage private development by providing public improvements or assistance in development financing.
  - Monitor budget and cash flow of each increment district.

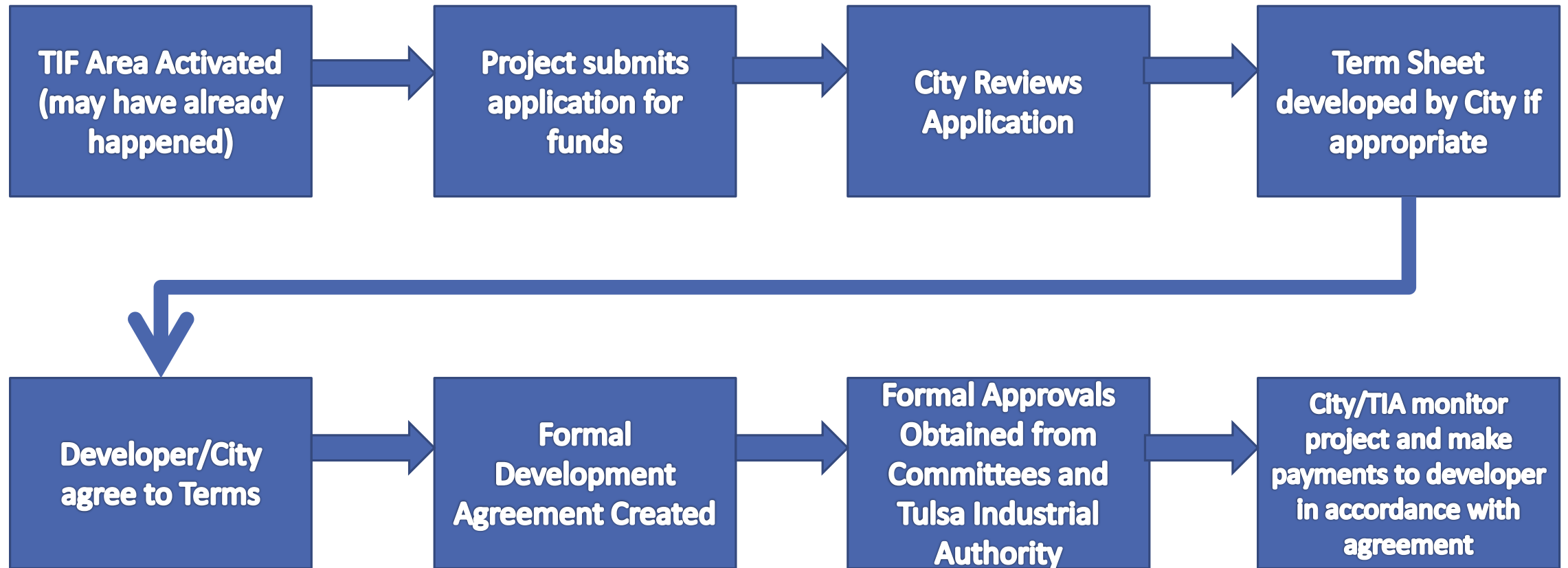
# Separation of TIF Funds

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- The TIF funds collected will not be a part of the City's general fund to be distributed annually by the City Council. These funds will be funds of the TIA.

# Project Review and Approval Process

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# What's Next:

1. Negotiate development agreements in active TIF for appropriate projects.
2. Finalize TIF Policy Document.
3. Monitor TIF areas that have not been activate to determine the right time to activate.
4. Develop process for Public Funds prioritization.





# Key Points about the Downtown TIF Plan

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1. The TIF does not raise taxes, it simply redirects tax dollars for investment in accordance with the adopted TIF Plan & policy.
2. Establishing a TIF does not automatically provide revenue to any private developer.
3. TIF revenues generated in one district can be spent anywhere in the project area.
4. TIF district ends when the project costs for that TIF district are paid.



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*Additional TIF information including the Project Plan can be found at:  
[www.cityoftulsa.org/developmentbusiness/economic-development/tax-increment-districts](http://www.cityoftulsa.org/developmentbusiness/economic-development/tax-increment-districts)*

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