



CENTER FOR ECONOMIC
DEVELOPMENT LAW



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**DOWNTOWN AREA TAX INCREMENT FINANCING
ECONOMIC DEVELOPMENT PROJECT PLAN
PRESENTATION FOR THE ECONOMIC DEVELOPMENT COMMISSION
FEBRUARY, 2018**

What is TIF?

- 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.

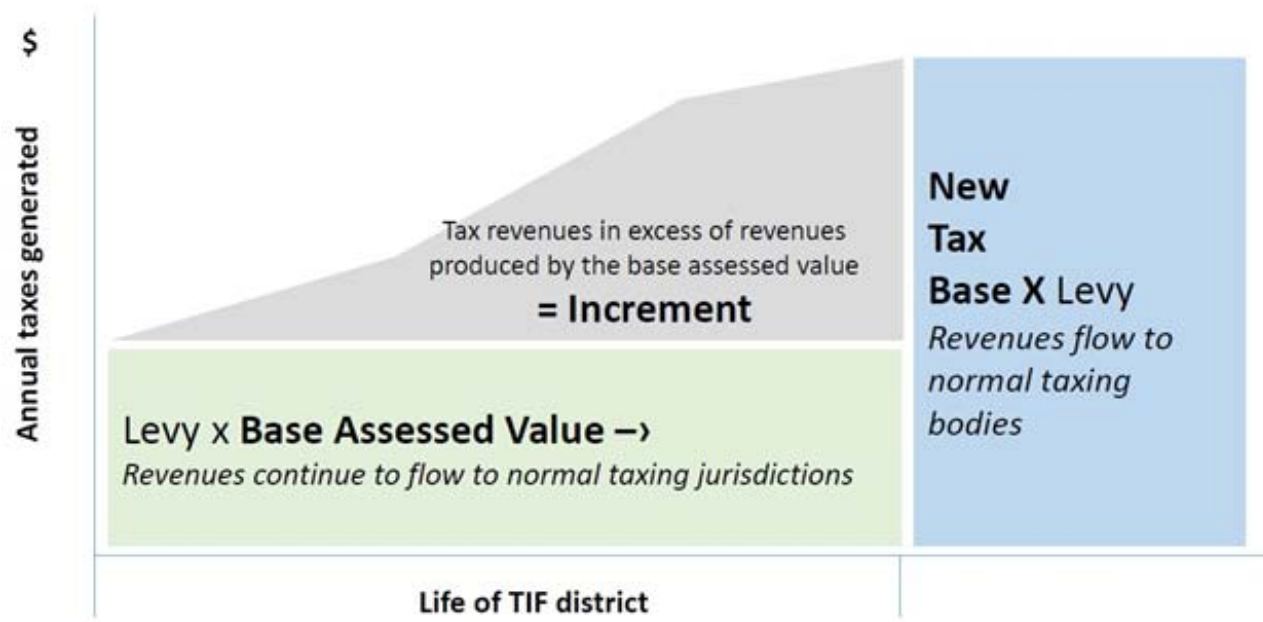
How Does TIF work

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?

- 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)

- 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 TAX INCREMENT FINANCING ECONOMIC DEVELOPMENT PROJECT PLAN: CONSIDERATION AND APPROVAL PROCESS

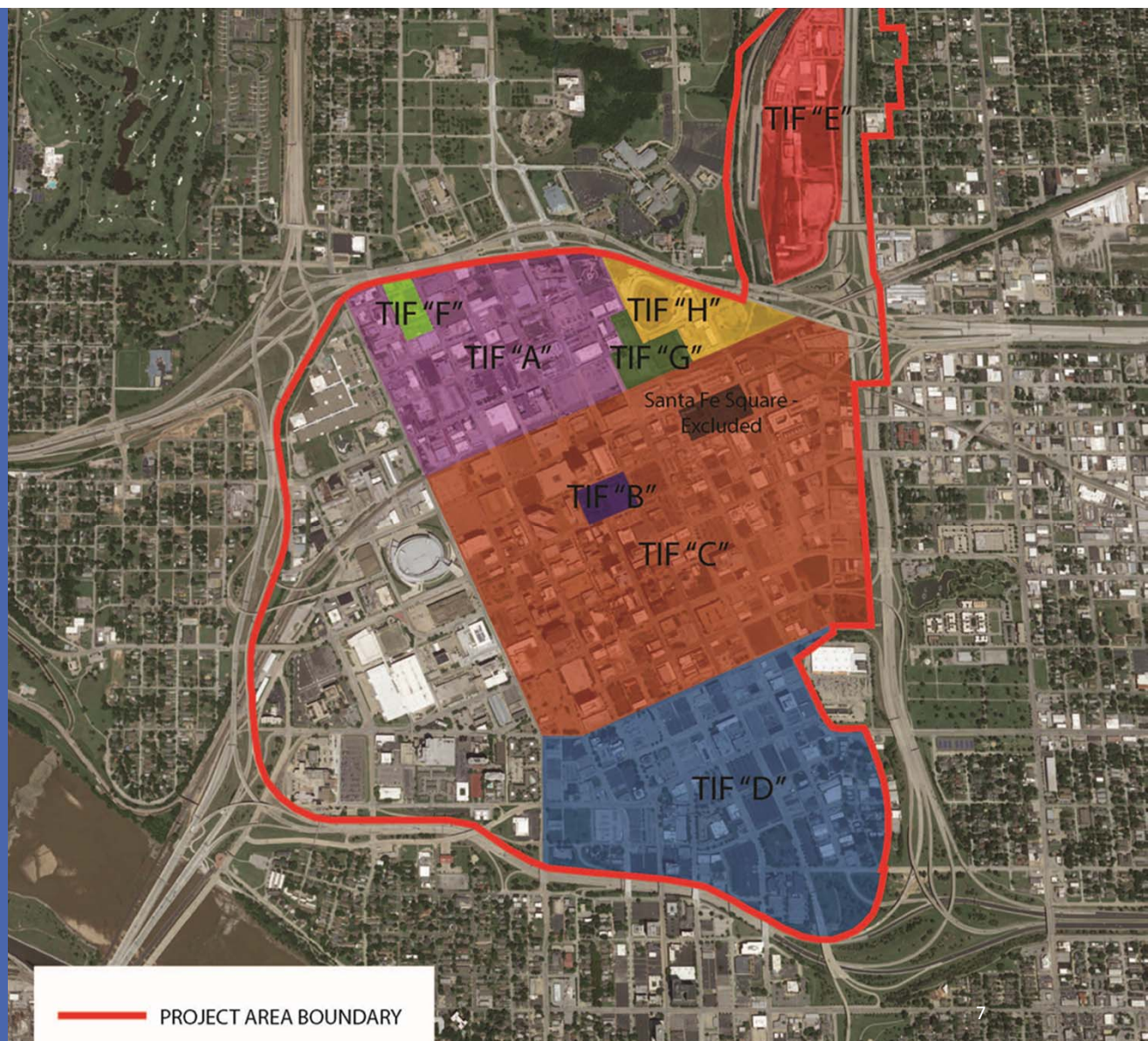
- **Review Committee meetings:** *Unanimously recommended by representatives of all Taxing Entities and 3 at-larger members of the Public, October 17, 2017*
- **TMAPC:** *Unanimously recommended, November 1, 2017.*
- **Two Public Hearings before City Council:**
 - November 29 – to provide information and an opportunity for questions about the proposed Project Plan (*first reading*)
 - December 13 – to provide the public an opportunity to be heard in support of or opposition to the proposed Project Plan (*second reading*)
- **Adopted by City Council:** *Unanimously approved by Ordinance #23832 on December 13, 2017 (published December 23, 2017)*
- **Full project plan is found at:** <https://www.cityoftulsa.org/media/5543/projectplan-11-21-2017.pdf>

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 B, C, D, E, F, G, and H will be activated by future City Council resolution (must be before December 2027)



Project Plan Objectives

- 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

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

** 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

- 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

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

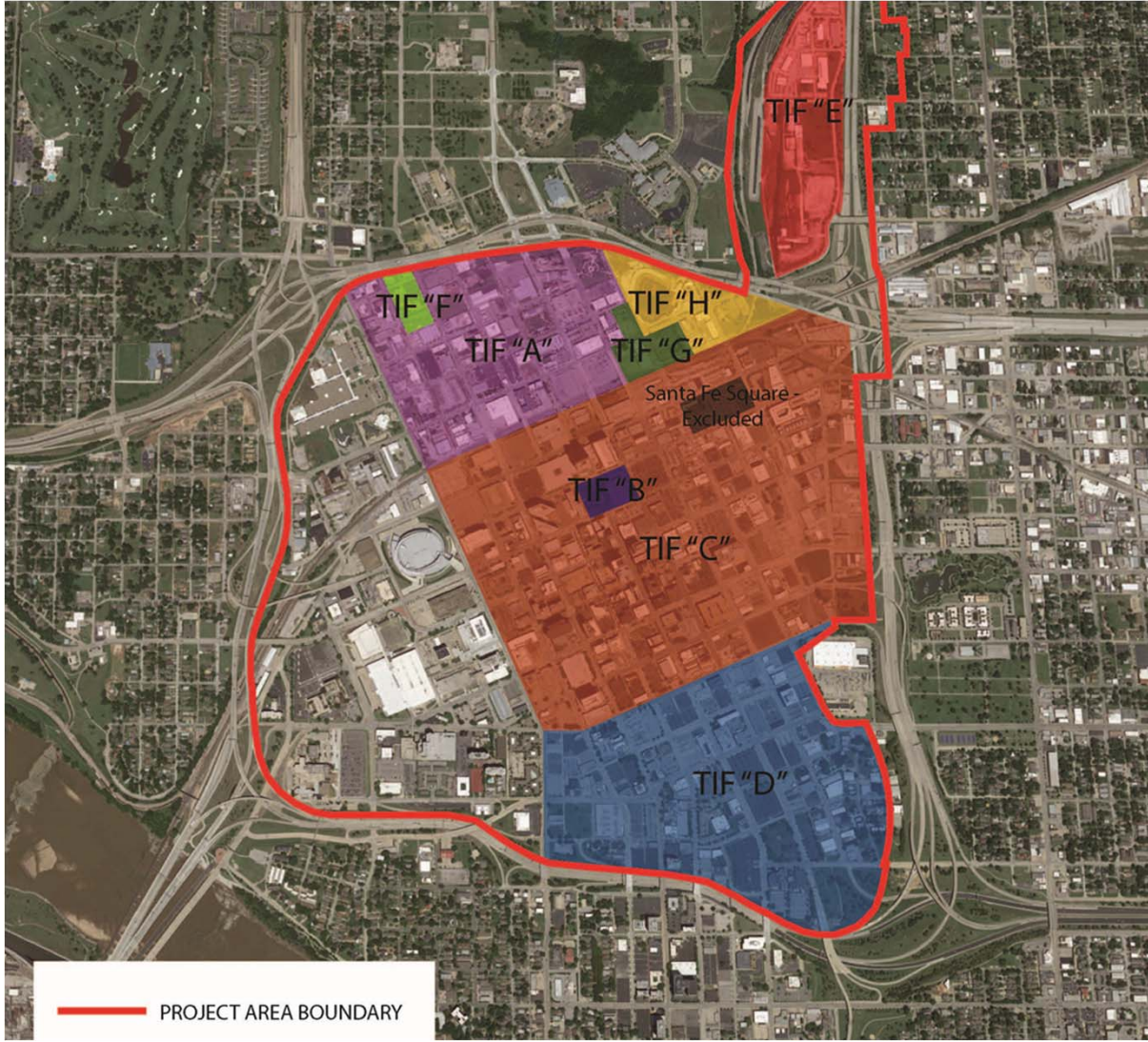
Assistance in Development Financing

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	
A:	<i>The Arts TIF District</i>	Yes	10%	Yes	2% (undedicated)	<ul style="list-style-type: none"> • Retail 	5,000,000
B:	<i>PAC TIF District</i>	Yes	-	Yes	3.65%	<ul style="list-style-type: none"> • Construction • Retail 	39,000,000
C:	<i>East End TIF District</i>	Yes	10%	No	-	-	90,000,000
D:	<i>Cathedral TIF District</i>	Yes	10%	No	-	-	25,000,000
E:	<i>Evans-Fintube TIF District</i>	Yes	10%	Yes	2% (undedicated)	<ul style="list-style-type: none"> • Construction 	40,000,000
F:	<i>Western Supply TIF District</i>	Yes	10%	Yes	2% (undedicated)	<ul style="list-style-type: none"> • Construction • Retail 	28,000,000
G:	<i>Ball Park Area TIF District</i>	Yes	10%	Yes	2% (undedicated)	<ul style="list-style-type: none"> • Construction • Retail 	28,000,000
H:	<i>Greenwood TIF District</i>	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,
 - 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 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.
 - Help ensure effective and principled implementation of the Project Plan.

Separation of TIF Funds

- 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.

Key Points about the Downtown TIF Plan

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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QUESTIONS



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