

LOCAL TAX INCREMENT FINANCING PROGRAM

Purpose

Facilitate the redevelopment of blighted areas, particularly in the greater downtown area.

Authorization

Ord. No. 19851, § 1, 3-17-08; Ord. No. 19851, § 1, 3-17-08

How the Program Works

Tax increment financing is a way to fund development projects using the future property and sales taxes generated by the project. The current level of tax is called the “base” while the projected level of tax is called the “increment.” The increment is funneled back to the project in order to cover any financing gaps. With property taxes, 100% of the increment is funneled to the project while only 50% of the sales tax increment is, with the remaining 50% going to the regular taxing entities.

The affected taxing entities -- the city, the Special Business District, school district, etc.-- continue to receive the original amount of tax so there is no loss of revenue, merely a postponement of the gain.

TIF may be awarded for a period of up to 15 years (a longer period may be requested, but not to exceed 23 years).

Evaluation Criteria

All TIFs are evaluated by a “but for” standard—the project would not happen but for the TIF incentive.

General criteria include:

- Meeting all eligibility requirements
- Demonstrating the need for the proposed project costs in order for the project to occur;
- Demonstrating that the developer/businesses can successfully implement the project based on prior experience and financial viability
- A positive net fiscal benefit (deducting all state costs/incentives related to the project)

The Columbia City Council is currently establishing local criteria which would include a provision that the project be located in the greater downtown area. It is anticipated that the projects will be evaluated based on the Sasaki Plan, the City’s downtown planning document that calls for catalytic projects, multi-story developments and traditional downtown design guidelines.