

# TAX INCREMENT FINANCING DISTRICTS

*Budget, Finance, and Economic Development Committee*

*January 30, 2018*



**LEXINGTON**



## Economic Development in Lexington

- The Lexington-Fayette Urban County Government participates in two economic development programs in partnership with the Commonwealth of Kentucky, one of which is Tax Increment Financing (TIFs).



## How TIFs Work

- TIFs are a method of public financing that is used as a subsidy for public infrastructure in development projects.
- To be approved by the state, TIFs must be generating “net new” revenue.
  - LFUCG participates with payroll and property taxes.
- 80% of that new revenue goes to reimburse developers for approved public infrastructure costs.
- Developers are reimbursed by tax increment revenue over a period of 20-30 years.



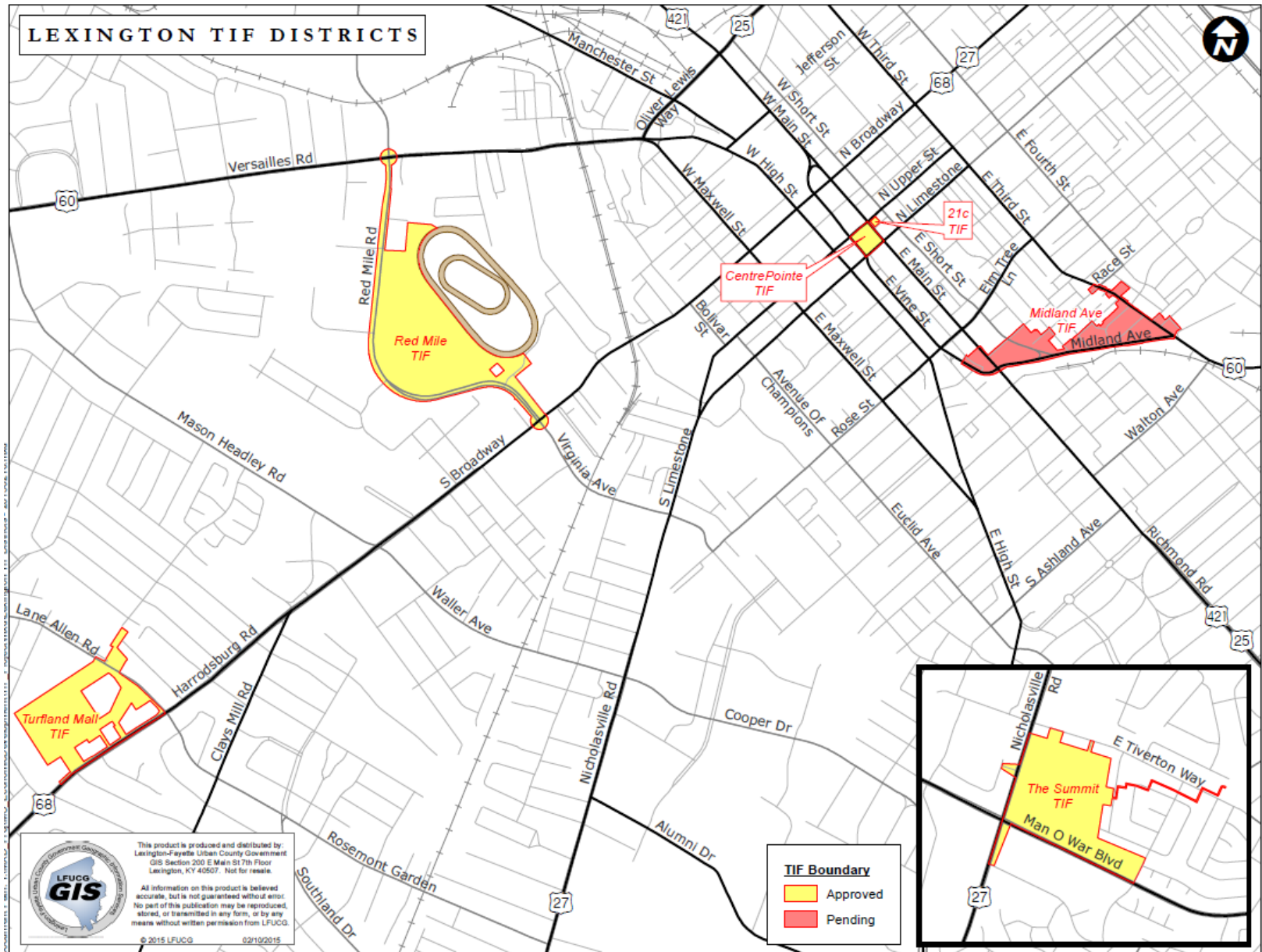
## Public Infrastructure

- Each project is required to have public infrastructure in order to qualify to receive tax increment dollars.
- Public infrastructure varies by project, but some examples include:
  - Sewers/Storm Drainage
  - Roads
  - Street Lighting
  - Public Spaces and Parks
  - Curbs and Sidewalks



## Tax Increment Financing

- Current TIFs in Lexington:
  - 21C
  - CentrepoinTE
  - Midland
  - Red Mile
  - Summit
  - Turfland





## Public Infrastructure and Total Capital Investment

District	Public Infrastructure	Total Capital Investment
21c	\$178,437	\$45,740,589
CentrepoinTE	\$24,025,421	\$57,379,312
Midland	\$212,989	\$4,232,349
Red Mile	\$9,523,842	\$78,769,108
Summit	\$49,321,954	\$152,556,675
Turfland	\$3,453,529	\$16,212,519



## Increment Payments

District	Local	State
21c	\$117,530	\$37,901
Centrepointhe	-	-
Midland	-	-
Red Mile	\$271,730	\$86,918
Summit	\$138,140	\$278,429
Turfland	\$485,649	-



# Questions?



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