

FAQs About The Pavilions' TIF and CID

A. Definitions:

TIF: Tax Increment Financing

Tax increment financing, or TIF, is a public financing method to promote private and public investment for economic development, redevelopment, infrastructure and other community improvement projects. TIFs often involve subsidies for the developer. The subsidies may come from the sharing of sales tax and property tax incentives. (See the specifics on the Pavilion Request below)

CID: Community Improvement District.

A CID is a self-imposed additional sales tax collectible only at that location. It is a means to encourage private and public development without requiring taxpayers, businesses and others to aggressively subsidize the economic growth. It is different from a TIF and broader in scope.

B. What are the terms of The Pavilions' TIF?

The developer would be entitled to claim the following monies to reimburse expenses associated with The Pavilions, up to a maximum of \$6.1 million:

- ½ (one-half) of the city 1-cent sales tax proceeds for goods and services sold *on the development property only* would go to the developer for an estimated 10 years with a TIF, or an estimated 7 years if a CID also is included; the remaining half would go to the City of Emporia. St. Louis-based consultant Development Strategies conducted a financial analysis and provided the estimates. The developer paid the consultant, which was chosen by the city.
- 100% of the city's share of the county sales tax, which is approximately .469%, after the State of Kansas deducts its administrative fee on city and county sales taxes.
- Until the expiration of the TIF/CID, the amount of property taxes paid by the developer would remain exactly the same as the amount the former owners paid in the year prior to the improvements. The savings between the commercial-value taxes and the current-value taxes would go to the developer as part of the TIF reimbursement. The developer would pay full commercial-value taxes on the property after 7-10 years, depending on whether a CID is added.

C. How much sales taxes revenue will the city lose because of the TIF?

- Based on Development Strategies report the loss of existing sales tax from businesses should be less than the sales tax increase expected once are the buildings are constructed and occupied.

D. How much property tax revenue will the city actually lose from the TIF?

- None.
The City, County, and School District will continue to receive the same amount of funds in property taxes as they receive in the base year, projected to be 2016.

E. Who will pay for infrastructure improvements, detention ponds, etc.?

The **developer** will pay for (and be reimbursed through the taxes explained above):

- Widening the street to accommodate a turn lane onto the property
- Curbing and sidewalks from approximately Industrial Road, east to the boundary of the Peak properties
- Street lights and traffic signals
- A buffer of landscaping and/or fencing to create a buffer between the development and the adjacent residential area
- Detention pond(s) as determined necessary to comply with the City's storm water ordinance.

What will the **city** pay for?

- The City Commission will be discussing street and drainage improvements over the next 90 days with a final decision projected to be made by early February.

F. What are the potential pitfalls of granting the TIF and CID?

- One niche store, Hobby Lobby, has signed a letter of intent to locate a store on the property. Though the developer has stated buildings will not be constructed until businesses have committed to coming to Emporia, a worst-case scenario would be that no other companies will choose to locate here.
- The development could worsen drainage/runoff from the site into Becker Addition if the detention pond(s) are not adequate. The City and its consultant, BG Engineering, are working toward a comprehensive drainage solution.

Additional public meetings and analysis will be completed in the first quarter of 2016, with the intention to complete the analysis in Fall 2016.

BG Engineering continues to work with the developer to prevent drainage problems from the site; this will be integrated into the overall plan to negate impacts on surrounding neighborhoods.

G. Why can't Hobby Lobby rent an empty space at a mall or downtown?

- Hobby Lobby representatives attempted to rent space at the mall. However, there was not sufficient continuous store space available to accommodate the company's needs. The Central Business District also lacks sufficient space to accommodate Hobby Lobby's plans for a 55,000-square-foot store.