



**City of Columbus, Indiana**  
**-Tax Increment Financing Discussion**

*January 29, 2024*

*Andrew Lanam, CPA*

## TIF Introduction

### What is Tax Increment Financing?

Tax Increment Financing or “TIF” is a key economic/development finance tool available to municipalities. TIF allows for the collection of incremental property taxes that are generated by an increase in assessed value within a designated geographical area.

### TIF Objectives

- Incentivize economic development
- Infrastructure development
- Quality of Life and Quality of Place Investments
- Self-finance projects - no increase in taxes or allocation of other municipal funds
- Provide low cost financing options to developers for the TIF eligible portions of their project
- Increase the tax base for the municipality (economic activity drivers, residual real estate taxes, local income tax base)

## TIF Introduction

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### Project Types

- Residential / Commercial Development Projects
- Industrial Warehousing / Manufacturing / Industrial Parks
- High-Tech Manufacturing / White-Collar Office
- Beautification / Sports / Park and Recreation / Quality of Place

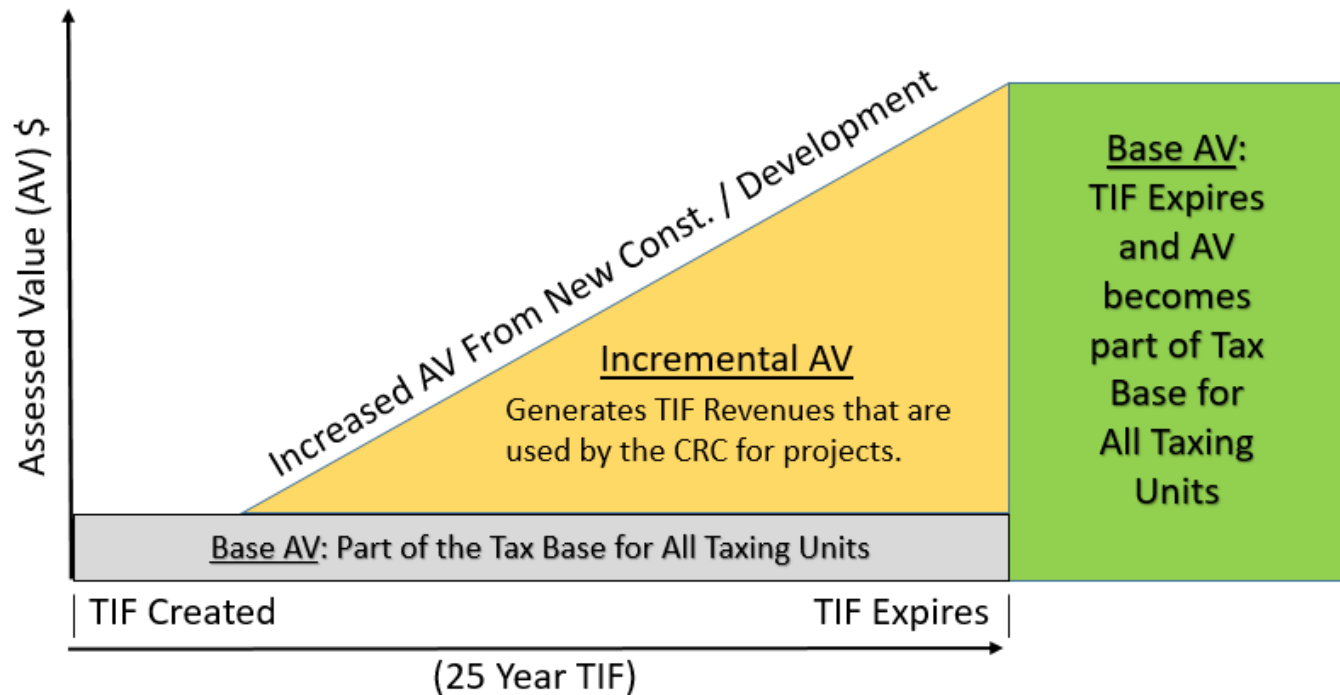
### Considerations and Goals of Municipality

- Attract New Jobs / Development
- Incentivize otherwise non commercially viable projects
- Balancing Act - Public vs. Private Development
- Political Issues and Considerations
- Infrastructure Costs & Funding
- Developer (TIF) Funded Infrastructure Costs
- Tax / User Tax & Fee Impacts
- Civil government costs associated with new development
- Tax Rate Management
- Impact of TIF on Municipal revenues
- Development Related Risk Mitigation
- Successful Project Completion
- Long-Term Financial Success

## TIF Mechanics - General

- Identify assessed value (Base AV) of property in the Allocation Area, as of the date of formation (base year)
- As assessed values grow over time (due to development), the difference between the total assessed value at any point in time and the Base AV, determines the “Incremental Assessed Value”
- Tax revenues from the Incremental Assessed Values are used to pay debt service, recoup investment, or fund other projects

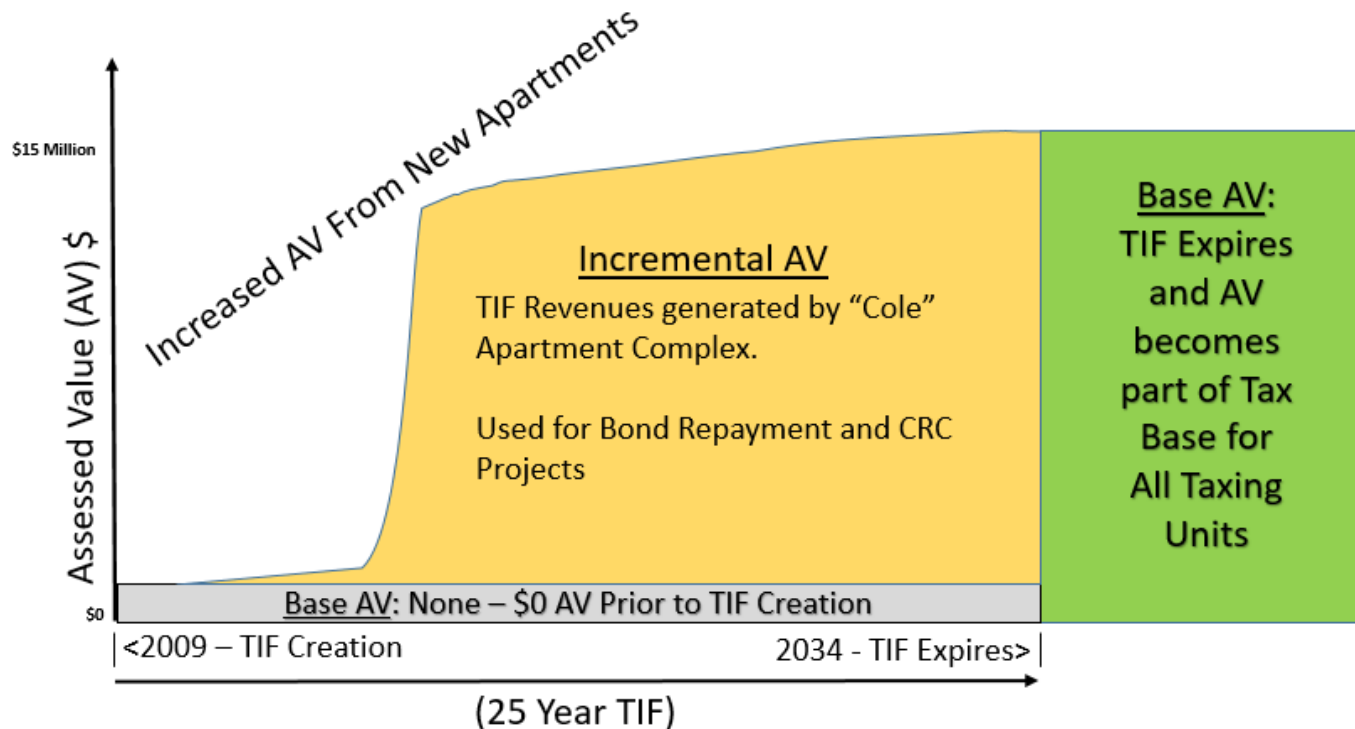
General TIF Mechanics



## TIF Mechanics - "Cole" TIF Example

- Assessed value of property in the Allocation Area as of the date of formation (Base Year) was \$0.
- Assessed values grow over time from new construction.
- TIF revenues from the Incremental Assessed Values were used to pay debt service on the bonds issued to fund the project. These bonds were subsequently paid in full.
- Discussion Point - Multi-faceted series of projects paid from various TIF sources (Cummins downtown office expansion, parking garage project).

Example "Cole" TIF Mechanics



# TIF Tax Rate - City of Columbus (Columbus Twp.)

Certain Portions of the District Tax Rate are eligible to collect TIF Revenues:

**Taxing District: 004 - City of Columbus**  
**Tax Year: Pay 2024**  
**Tax Rate: \$2.6183**  
**TIF Eligible Tax Rate: \$2.4649**

**Non-Eligible Rate: \$0.1534**

**Note: The Non-Eligible Tax Rate generates property taxes for BCSC on Incremental Assessed Value.**

## Tax Rate Breakdown By Unit:

		TIF Eligible	Levy Type
Bartholomew County	<u>\$ 0.3982</u>		
General	\$ 0.2981	YES	Max Levy
Election/ Registration	\$ 0.0052	YES	Max Levy
2015 Reassessment	\$ 0.0096	YES	Max Levy
Debt Service	\$ 0.0285	YES	Debt Levy
Cumulative Bridge	\$ 0.0376	YES	Max Levy
Health	\$ 0.0192	YES	Max Levy
Columbus Township	<u>\$ 0.0307</u>		
General	\$ 0.0094	YES	Max Levy
Township Assistance	\$ 0.0213	YES	Max Levy
City of Columbus	<u>\$ 1.0995</u>		
General	\$ 0.7692	YES	Max Levy
Debt Service	\$ 0.0175	YES	Debt Levy
Thoroughfare	\$ 0.0431	YES	Max Levy
Recreation	\$ 0.2170	YES	Max Levy
Park Bond	\$ 0.0062	YES	Debt Levy
Cumulative Capital Devp.	\$ 0.0465	YES	Rate Levy
Bartholomew Cons. School Corp.	<u>\$ 0.9985</u>		
Referendum Operating	\$ 0.1534	NO	Rate Levy
Debt Service	\$ 0.3010	YES	Debt Levy
Ref. Debt Service	\$ 0.1171	YES	Debt Levy
Operations	\$ 0.4270	YES	Max Levy
Bartholomew Co. Public Library	<u>\$ 0.0589</u>		
General	\$ 0.0589	YES	Max Levy
Bartholomew Co. Solid Waste	<u>\$ 0.0325</u>		
SWMD	\$ 0.0325	YES	Max Levy

# Types of Property Tax Levies

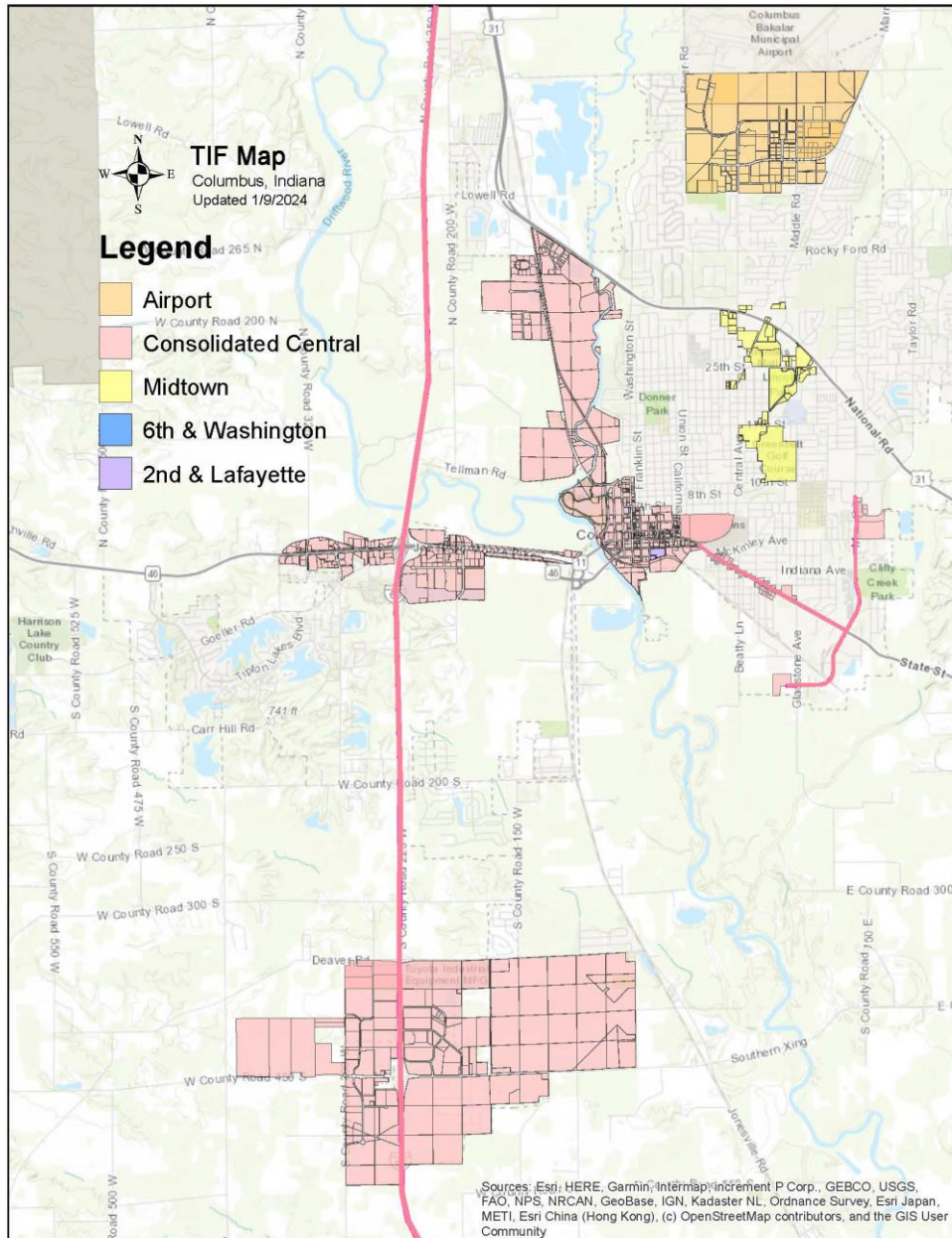
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## Brief Description of Property Tax Levies:

- Levy Controlled Funds
  - Maximum Levy Funds & Debt Levy Funds
  - Tax Rate is determined by the Levy and the Taxable Net Assessed Value
    - $\text{Levy (\$)} / \text{Taxable Net Assessed Value (Tax base)} = \text{Tax Rate}$
  
- Rate Controlled Funds, as opposed to Levy Controlled Funds
  - Allows for a maximum Tax Rate, that when multiplied by the Taxable Net Assessed Value (Tax Base), generates a specific amount of Tax Levy.
    - $\text{Rate Controlled Fund Tax Rate} \times \text{Taxable Net Assessed Value (Tax Base)} = \text{Tax Levy}$



# Columbus TIF Areas - Map



- Current City TIF Areas:
  - Airport TIF
  - Consolidated Central TIF
  - Midtown TIF
  - 2<sup>nd</sup> and Lafayette TIF
  - 6<sup>th</sup> and Washington TIF (new)



## Columbus TIF Areas - Airport TIF Area

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Created: October 4, 2004

Expiration: 2035

### General

Information: TIF Area generally covering the City's airport area.

Example Projects: Aeroplex Commerce Center / Airpark Campus Landscaping  
Central Ave. Lighting / Grissom Road Expansion / Hanger Project  
Poshard Drive Expansion / Sidewalk Extension / Makerspace  
Outdoor Sports Area



## Columbus TIF Areas - Consolidated Central TIF Area

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Created:	November 29, 2004	
Expiration:	Original	- 2035
	2023 Expansion - 25 Year from First Debt Obligation	
	“Cummins”	- 2037
	“Cole”	- 2034



### General

Information: TIF Area generally covering the City’s downtown core, Hwy 46 & I-65 development area, Walesboro industrial park, and State Street expansion area. The area also includes Cummins Plant 1 (consolidated in 2023), and the “Cole” apartments (also consolidated in 2023).

Example Projects: 1821 Trail Project / 2<sup>nd</sup> Street Thoroughfare Project / 4<sup>th</sup> Street Reconstruction / 8<sup>th</sup> Street Gateway Project / Brownfield Environmental Remediation Project(s) / Court Services Project / Downtown Façade Improvement Program / IU School of Architecture / Multi-Family Mixed-Use Development / Nexus Park (Infrastructure) / Overpass SR 46 / Downtown Parking Garage(s) / Railroad Quiet Zone / Riverfront Project / State Street Reconstruction and Sidewalks / Walesboro Industrial Park Infrastructure Improvements / Workforce Development / International Drive Construction (Woodside Industrial Park)

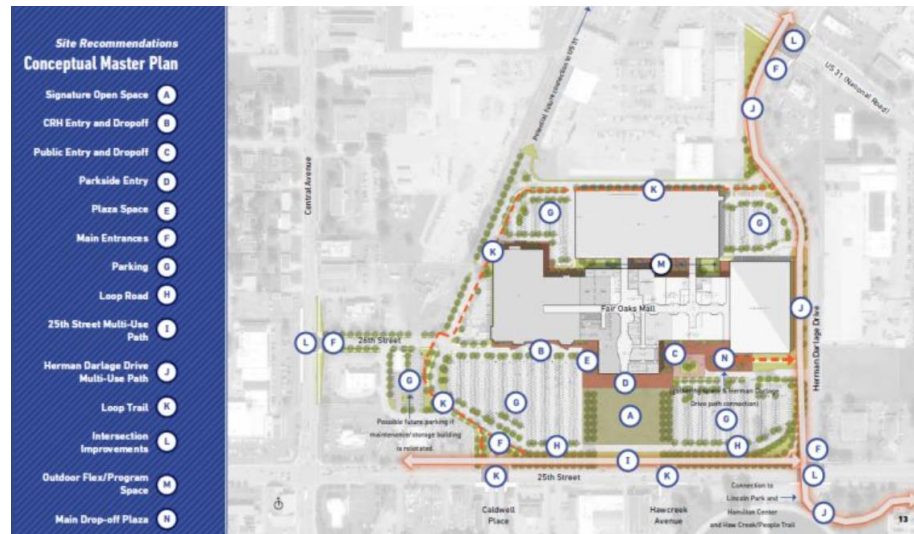
# Columbus TIF Areas - Midtown TIF Area

Created: September 20, 2021

Expiration: 25 Year from First Debt Obligation

General Information: The general boundaries of the TIF Area cover Nexus Park a few adjacent parcels, the site of the former Kroger, Rural King out lots, Greenbelt Golf Course. The TIF Area has been granted funds from the Consolidated Central Allocation Area for design & engineering and construction of certain Nexus Park exterior site improvements.

Example Projects: Nexus Park Outdoor Infrastructure Development



## Columbus TIF Areas - 2<sup>nd</sup> and Lafayette TIF

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Created: February 22, 2022

Expiration: 25 Year from First Debt Obligation

### General

Information: Single-Site TIF area created for “The Taylor” multi-family apartment complex and downtown urban grocer. Construction is nearing completion with first (partial) assessment expected January 1, 2024 Pay 2025.

Projects: The “Taylor” Multi-Family / Mixed-Use Project



## Columbus TIF Areas - 6<sup>th</sup> and Washington TIF Area

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Created: In Process

Expiration: 25 Year from First Debt Obligation

General  
Information:

Single-Site TIF area created for new downtown multi- family and mixed use development project on Washington Street. Development is expected to begin in 2024.

Project: Downtown Multi-Family / Mixed-Use Development



### Utilize and maximize TIF benefits

Pay-it-forward: Leverage current development and TIF dollars to maximize the impact of public / private development. Development and expansion creates additional new development and opportunities for taxpayers, employers, and families living in our community.

In the end, the TIF Areas will expire and the accrued taxable assessed value will flow back to the underlying taxing units. This will assist in managing long-term tax rates and levies.





## Q&A

*Andrew Lanam, CPA*

*Director*

*Stifel Public Finance*



## 3 Stifel Overview

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## Helping municipal and not-for-profit clients better serve their communities.

- Stifel's Public Finance professionals specialize in raising capital to build and maintain essential infrastructure in the communities they serve.

## Local knowledge. National presence.

- Stifel's Public Finance professionals specialize in helping state and local government agencies raise capital to build and maintain essential infrastructure in the communities they serve.

## Areas of expertise.

- From some of the nation's largest states, cities, and counties to rural school districts and small towns and nearly everything in between, our municipal banking and underwriting groups work with issuers to develop and implement financing strategies that allow them to operate and optimize the important work they do.

Our mission is to provide the professional guidance and resources you need to work toward your goals.

### STIFEL HISTORY

- Founded in 1890 and publicly listed since 1983
- Headquartered in St. Louis, Missouri
- More than 8,500 Global Employees
- More than \$350.6 billion in client assets under management

### CAPITAL POSITION

- As of December 31, 2021, Stifel's total capital base was approximately \$1.56 billion with excess net capital of \$584.77 million
- Based upon this capital position, Stifel has the capacity to commit to underwrite, as sole manager, more than \$7.72 billion of municipal securities

### PUBLIC FINANCE PROFESSIONALS

- Nearly 300 municipal banking, sales, trading and professionals
- 36 municipal finance offices in 25 states

### PUBLIC FINANCE AREAS OF EXPERTISE

- Public Education
- Non-Profit Education
- Healthcare
- Pensions
- Housing
- Religion Finance
- State and Local Government
- Tax Increment and Development Districts
- Transportation and Utilities

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