



FINANCIAL POLICY AND PROCEDURES MANUAL

Title: **FINANCIAL POLICY**
Section: **T.I.F. ASSISTANCE POLICY**

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SECTION 1 - PURPOSE

The purpose of Spencer's Tax Increment Finance (TIF) Assistance program is to encourage quality economic development, enhance the industrial and commercial property tax base, create quality employment and attract businesses that contribute to the general well-being and quality of life of Spencer's residents. To accomplish these goals, the City will utilize TIF to provide incentives to developers and businesses to locate and expand in Spencer and to extend and improve city owned infrastructure to promote the development of industrial and commercial properties.

SECTION 2 - POLICIES

The following policies are established for the City's TIF Incentive program:

1. TIF is **not** an entitlement program. This policy shall not be construed as obligating the City to use TIF for all projects that satisfy the criteria set forth in this policy. The decision to provide economic development incentives shall be as the sole discretion of the Spencer City Council and shall be determined on a case by case basis.
2. The City may provide TIF funds for the purposes of improving city owned physical infrastructure and structures as well as for structural and infrastructure improvements to privately owned commercial and industrial properties.
3. The City shall give priority to the use of TIF funds for city owned infrastructure improvements.
4. Any project making application for TIF funds must be located in a designated TIF district and be included in the City's Urban Renewal Plan for that district. An amendment to the Urban Renewal Plan may be necessary to incorporate the specified project. The costs associated with any Urban Renewal Plan Amendment shall be borne by the Developer of the project.

5. The public assistance granted to a business shall not result in a benefit exceeding market conditions and normal business expectation for finance terms or rate of return on investment.
6. The proposed project must increase the taxable valuation of the property by at least \$500,000 to qualify for TIF funds.
7. For projects that meet the above base criteria, the City may provide TIF assistance utilizing the following scale:

Project Taxable Value	Base Length of TIF Assistance
\$500,000 to \$599,999	Maximum 5 years
\$600,000 to \$699,999	Maximum 6 years
\$700,000 to \$799,999	Maximum 7 years
\$800,000 to \$899,999	Maximum 8 years
\$900,000 to \$999,999	Maximum 9 years
\$1,000,000 +	Maximum 10 years

Incremental property taxes are the taxes paid on the additional taxable valuation created by the project. The City will take into account its costs related to the advancement of TIF funds such as: interest costs, loan or bonding costs, etc. when it determines the total amount of TIF funds it provides to an individual applicant. Projects that substantially exceed the base criteria and meet one or more of the additional criteria set forth in Section 4 of this policy may be considered for TIF funds longer than the allowed base length. The maximum number of years for any TIF Agreement shall not exceed 15 years.

8. The City shall not provide TIF funds for residential developments or residential structures.
9. Speculative projects (with no guarantee of type of businesses to locate in the project or type and quality of jobs) shall not be considered by funding in excess of the base amount.
10. TIF projects will be funded on a “pay-as-you-go” basis. Once the improvement is made and the owner/developer pays their taxes, the City shall rebate a portion of their increment property taxes according to the criteria established in the Development Agreement.

11. If the City has already extended TIF funds to improve a property (infrastructure or buildings), the City may reduce the amount of TIF assistance for subsequent improvements to a property.

SECTION 3 - BASE CRITERIA

The following criteria shall be the minimum criteria for the City to consider when reviewing requests for TIF assistance:

1. The project is a new or existing business located in the City that is improving property with expanded city owned infrastructure or building expansion;
2. The project created additional tax base for the community;
3. The project creates or maintains quality employment in the community;
4. The project is a new or existing business that is compatible with the community environment and maintains and promotes a strong sense of community.
5. The project shall not cause undue stress on City services or city owned infrastructure and is not sensitive to the environment.

SECTION 4 - ADDITIONAL CRITERIA

In exceptional cases, additional criteria may be considered to determine whether a project is eligible for funding above the base TIF amount. The following are those additional criteria, one or all of which, the applicant must exceed to merit consideration for additional funding:

1. **Tax base created** - If the project provides a minimum expansion of the tax base of \$5,000,000, the project may be eligible for up to an additional 3 years of TIF assistance.
2. **Number of new jobs** - If the project creates a significant number of new jobs, the project may be eligible for 1 additional year of assistance for every 10 jobs created above 50, with a maximum of 3 years additional assistance.
3. **Quality of jobs** - If the project creates new jobs that pay at least 125% of the median income for Clay County and provide insurance benefits, then up to 1 additional year of TIF assistance may be added for every 10 jobs above the median income with a maximum of 3 years additional assistance.
4. **Existing business** - If the project is an existing business in Spencer that is in need of expanding their operations, then up to 1 additional year of TIF assistance may be added.

5. **Redevelopment** - If the project involves investing in the redevelopment of an existing structure or property, then up to 3 additional years of TIF assistance may be added.
6. **Utilization of “Green Initiatives”** - If the project utilizes the implementation of “green” practices or uses industry recognized “best practices”, then up to 1 additional year of TIF assistance may be added.

A project may qualify for more than one of the additional criteria and have their base length of TIF assistance extended. However, in no case shall the maximum number of years for any TIF agreement exceed twice the number of years of the base length of TIF Assistance or 15 years, whichever is less.

SECTION 5 - APPLICATION PROCEDURES

1. Any business/developer interested in applying for TIF Assistance shall submit an application as early as possible to the City. At a minimum, a business must submit its application for TIF Assistance prior to submittal of a site plan.
2. Once the application is submitted, the City Council will conduct a work session to review the project. If the Council determines the application is acceptable for funding, staff will be directed to prepare a Development Agreement. The cost to prepare the Development Agreement shall be paid for by the applicant.
3. Once the Development Agreement has been reviewed and accepted by the applicant and City staff, the City Council will conduct a public hearing and take action on the agreement.
4. The City may utilize a private financial consulting firm to help it review an applicant’s submittal for TIF Assistance, if the City feels that the complexity of an application requires such a review. If the City finds it necessary to utilize a private consultant, the applicant will be required to pay the consultant’s fee. Before the City utilizes a consultant, it shall notify the applicant with an estimate of cost.