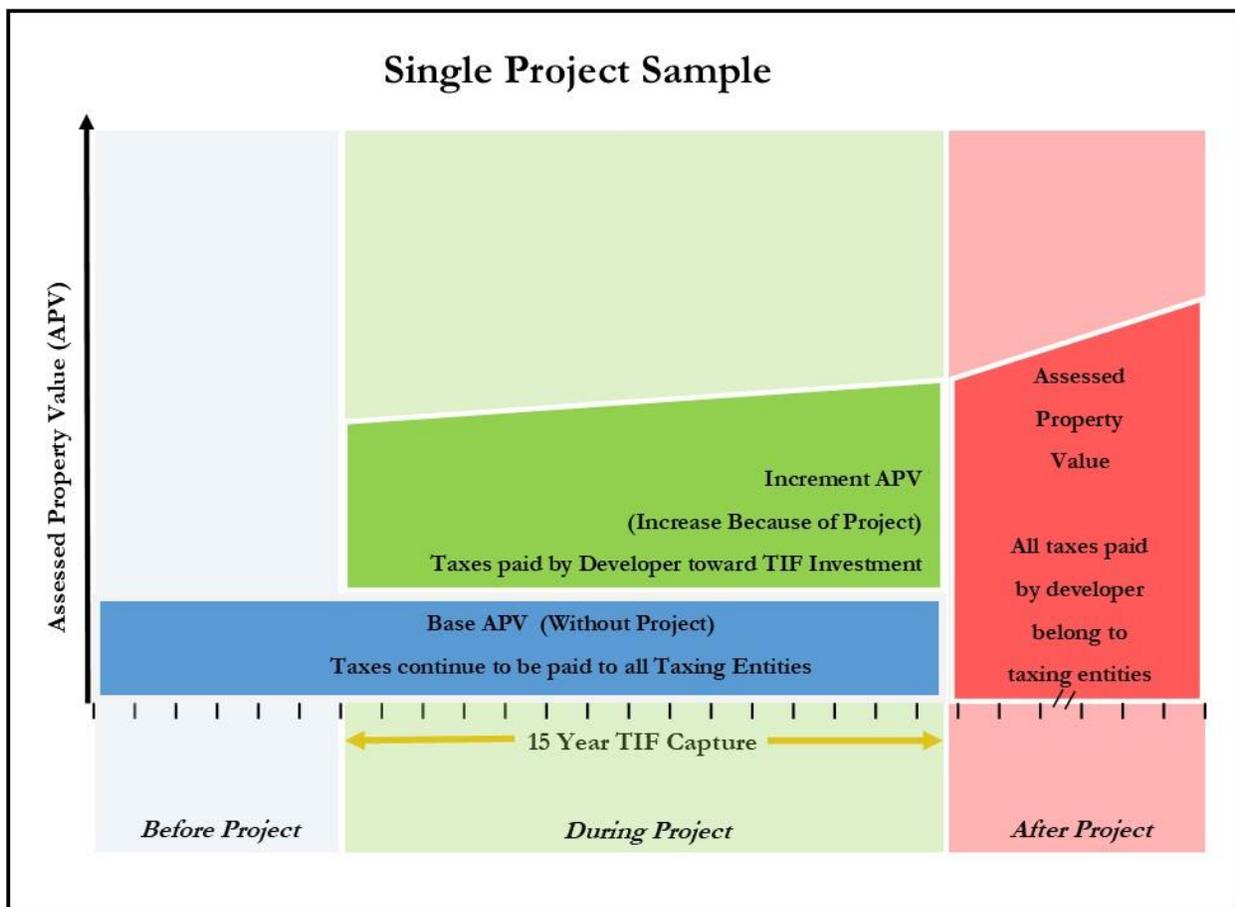


# TAX INCREMENT FINANCING

## FREQUENTLY ASKED QUESTIONS

### What is Tax Increment Financing (TIF)?

TIF is a tool to stimulate economic development in designated blighted and substandard areas. TIF is only provided to projects that would not be financially possible without TIF. When a property is improved, its assessed property value (APV) increases. This increase in APV results in increased taxes the property owner must pay. The City's Community Development Agency (CDA) can allow a property owner to invest 15 years' worth of the tax increase they pay back into improvements needed for their project, this tool is called Tax Increment Financing. Funding for TIF is provided in the form of a bond, secured by the developer, and paid back only by the developers increase in property taxes.



### Who can use TIF?

Any large project development that will generate a significant increase in the assessed value of the property. To be eligible to use TIF, a property must be in an area that has been or can be declared blighted and substandard according to the Nebraska Community Development Law.

**Will the utilization of TIF, increase the property taxes I have to pay?**

No, the utilization of TIF for a project does not affect the taxes levied or paid by any other property owner in the city. The investor/property owner who utilizes TIF pays the TIF Investment off with the taxes they have to pay on the improved value of their property.

**Will the School District, City, County, etc. lose tax revenue?**

Only the increase in property taxes, the increment, which is being 'captured' to pay off the TIF investment will not be paid to the taxing entities for a maximum of 15 years. The taxes paid before the project continue to be paid to the taxing entities. If the TIF was not available the project would not happen. If the project did not happen, taxing entities would lose the opportunity for the increase in revenue. After the TIF Investment is paid off, 100% of all taxes paid by the property owner/developer is paid to the taxing entities.

**Who takes the risk if the project is not successful?**

The applicant is required to secure the buyer of the TIF Bonds. Typically the purchaser of the TIF Bonds is the applicant's normal bank. The purchaser of those bonds is who holds the risk if the project is not successful. The City and its residents have no risk in TIF bonds.