

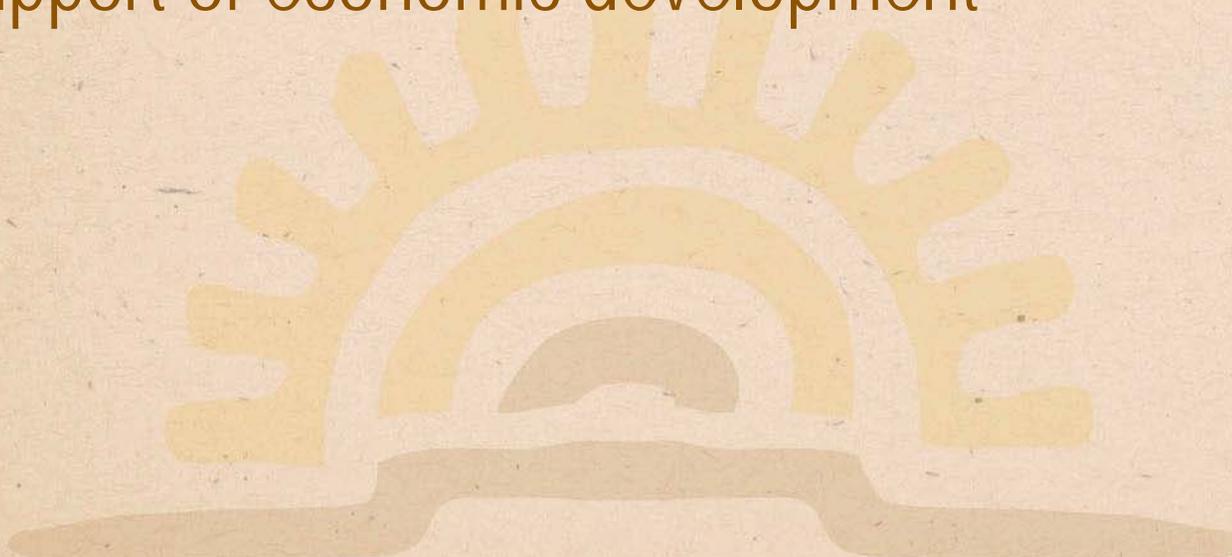
# *Tax Incentive Financing TIF*

- What is TIF?
- Background of TIF
- Benefits of TIF



# *WHAT IS TIF?*

- An economic development tool to create new, increased value, taxable development within communities
- A way local governments can finance capital projects in support of economic development



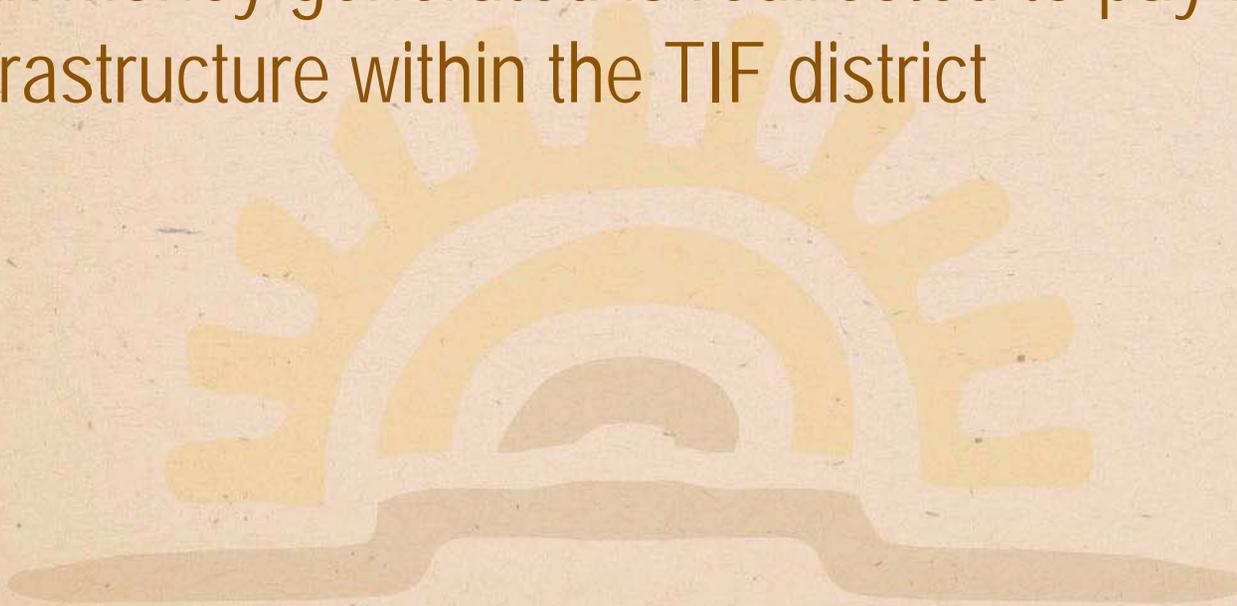
# *WHAT IS TIF?*

- Tax revenue generated by the undeveloped or underused property does not change
- Tax revenue is allocated at the same amount to the same recipients as before TIF
- Only applies to tax revenue that exists because of the new development or redevelopment
- Spurs development and has financed infrastructure projects and improvements



# *WHAT IS TIF?*

- TIF is not tax abatement
- Taxes are paid and communities receive more tax revenue
- Tax money generated is redirected to pay for public infrastructure within the TIF district



# *BACKGROUND*

- 48 states have TIF programs including New Mexico
- NM Legislature created the “New Mexico Tax Increment for Development Act in 2006”
- If property is developed, the taxes generated will increase



# *BACKGROUND*

- Development of the raw land causes new economic activity
- Development results in new gross receipts and income taxes
- Originally used to self-finance redevelopment of blighted urban areas



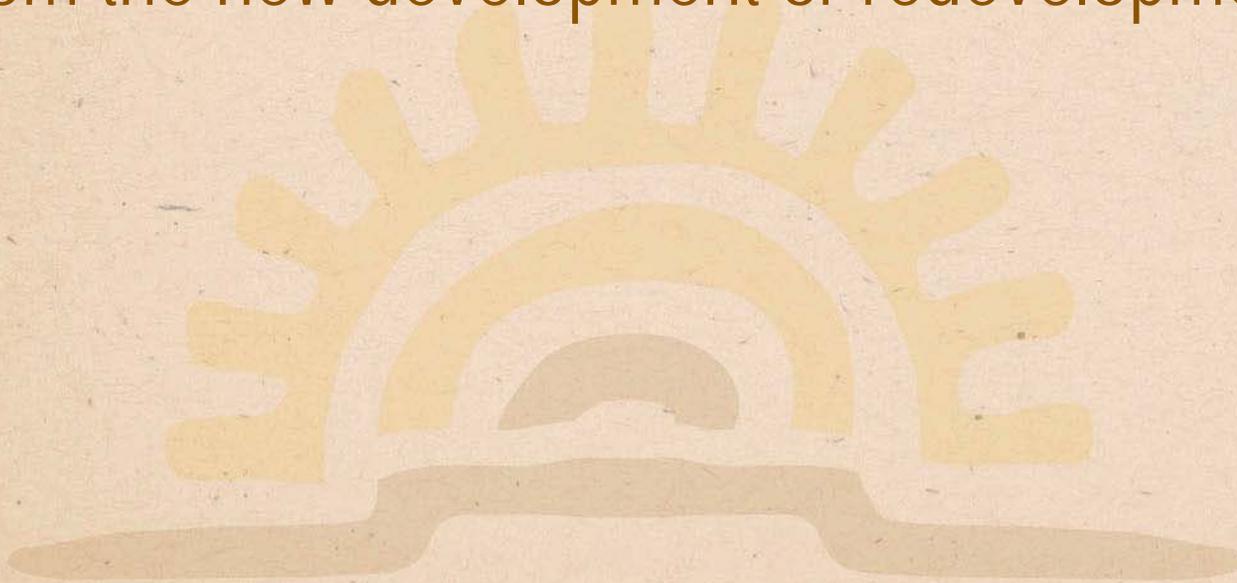
# *NEW MEXICO TIF*

- Percentage of new property and gross receipts taxes will finance infrastructure costs for new development or redevelopment
- State and local governments will, at the same level, receive those taxes generated before development or redevelopment



# *NEW MEXICO TIF*

- State and local governments gain tax increases after infrastructure costs are completely paid
- New Mexico retains new income taxes generated from the new development or redevelopment



# *NEW MEXICO TIF*

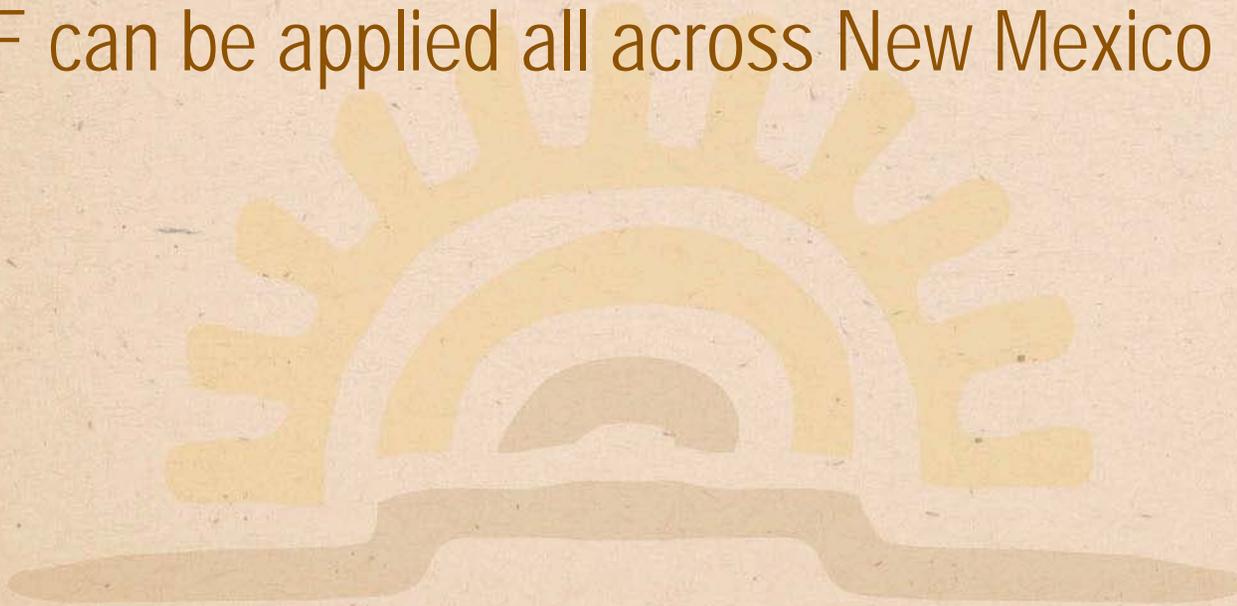
TIF is used to pay for public infrastructure improvements, such as:

- Water and sewage systems, plus draining and flood control
- Streets, roads, pedestrian areas and landscaping
- Utilities
- School facilities
- Library and other public educational or cultural facilities
- Workforce housing



# *NEW MEXICO TIF*

- Improvements result in land value increases and enhanced economic activity
- The TIF district will float a bond for a specific infrastructure project instead of the city or county
- TIF can be applied all across New Mexico



# *NEW MEXICO TIF*

- No increases in gross receipts taxes
- No risk to the taxpayers because infrastructure paid for from the TIF is dedicated to a government body, either a city or county
- Will not reduce taxes received by cities, counties, school districts, water, conservation or flood control districts



# *NEW MEXICO TIF*

- Can limit the income entities each would receive from any new taxes generated
- Will not apply to cities, counties, school districts, water, conservation or flood control districts if they do not want a TIF proposal
- Will not decrease the value of an individual property,
- Value of property increases often increases



# *BENEFITS OF TIF*

- Generates additional taxes from increased value of the new development or redeveloped property
- Growth in economic activity
- New roads, parks, schools or other public works projects
- Economic development, workforce housing, schools and a mixed-use, sustainable communities



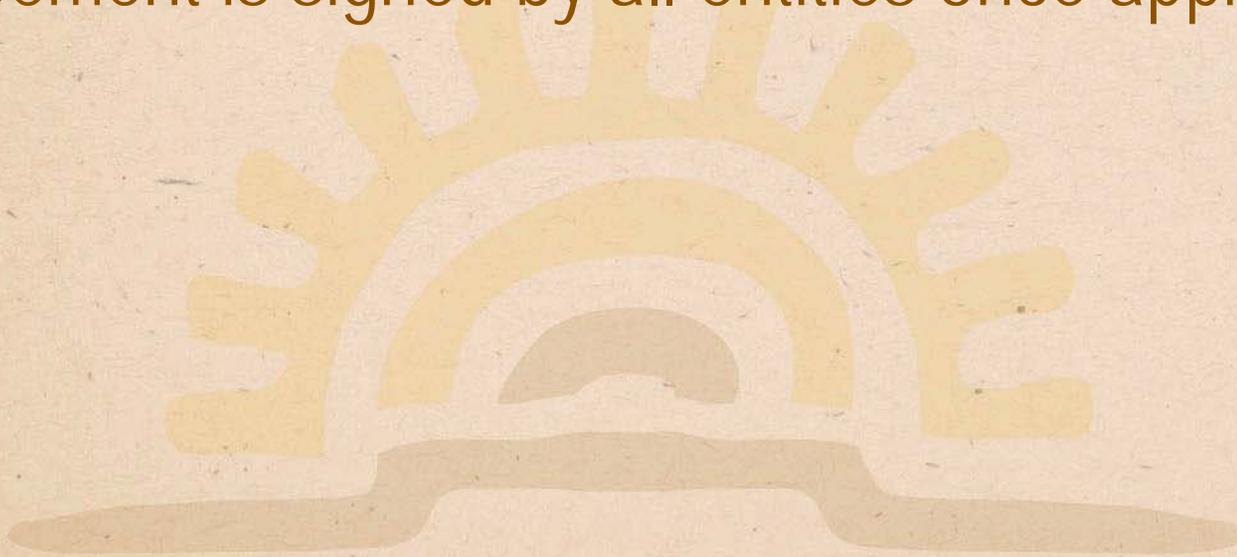
# *BENEFITS OF TIF*

- Real economic development allowing for tax revenue to support the entire community
- No upfront costs
- Developer is responsible to pay for all bond fees and initial investment
- Developer can build public projects coinciding with development, thus allowing a community to keep up with growth
- Real economic development, quality sustainable development and infill development



# *TIF DISTRICTS*

- Local governments have TIF authority
- TIF authority would have to petition a government entity – either a city or county – for the right to use a TIF
- Agreement is signed by all entities once approved



# *TIF DISTRICT*

Establishing TIF district within a community

- Municipalities and counties may establish districts
- Local government may delegate TIF district to designated redevelopment agency
- Multiple TIF districts can exist in a municipality or county
- Landowners can establish a TIF district



# *TIF DISTRICT REQUIREMENTS*

- TIF authority elects board of directors with voting rights within the authority
- Regular public meetings are required to obtain input prior to approval or the creation of a TIF district
- TIF projects must involve public participation



# *TIF DISTRICT REQUIREMENTS*

- TIF authority may sell bonds for specific projects
- Once bonds are paid in full, all taxes generated by new development is returned to governmental entities
- Projects must be sustainable with a focus on economic development, quality workforce housing and allow for the construction of public schools



# *HOW TIF WORKS*

## State of New Mexico

### Considerations

Development creates  
incremental property tax  
and gross receipt tax

Job creation

Sustainable community

Mix use community

### Impact

- \$508,532,700



# HOW TIF WORKS

- Total capitalized value of new information TIF utilized to leverage growth and private investment
  - \$550,000,000 \*
  - Short term
    - (\$370,860,479)
  - Long term
    - \$41,353,362 \*\*
  - Sub total
    - \$137,672,227

\*without schools

\*\* per year



MESA DEL SOL  
ALBUQUERQUE SOUTH MESA

# *HOW TIF WORKS*

- Significant Economic impact – local/regional/statewide
  - Income tax
  - Off site gross receipts tax
  - Indirect multiplier effect
    - Construction \$3.3 billion
    - Employment 2.2 billion
- Overall fiscal impact
- \$87,737,500
- \$221,409,727



# *HOW TIF WORKS*

- Risks
  - How much?
  - How long?

