

Tax Increment Grant Guidelines

In accordance with the Town's vision of increasing economic opportunities within our Town, multiple financing tools are available to encourage economic development projects. One such tool is a tax increment grant in the form of the Town's Tax Increment Grant Program (TIG). The guidelines below set forth the uses and parameters of the program that are utilized when assessing potential TIG investments.

I. Financing Parameters:

A. Reimbursement basis only

1. A TIG is available on a reimbursement basis only. That is, the town will only reimburse an applicant if all town and county taxes are paid in full at the time that reimbursement is considered.
2. Reimbursements will only be made pursuant to a Development Agreement approved by the Town Council.
3. To be eligible for consideration, an applicant must be able to prove "But For" this grant the project could be built without any involvement by the Town.
4. The Town's financial participation will allow for a reservation of the right to influence the type and form of the project in partnership with the private developer.
5. Before any reimbursement is considered, the Town's priorities and policy goals must be met to the satisfaction of the Town Council.
6. All costs associated with the evaluation for a TIG reimbursement must be borne by the applicant for such reimbursement unless otherwise agreed to by the Town Council.

II. Definition of Tax Increment

- A. Total incremental taxes: the difference between the actual tax value of development parcel(s) presently and the actual tax value of the developed parcel(s) after project completion with proposed public investment.
- B. Net incremental taxes: the difference between the projected future tax value of development parcel(s) in a normal market movement and the actual tax value of the developed parcel(s) after project completion with proposed public investment.

III. Financing categories

- A. Infrastructure Investment – the building or financing of new public infrastructure such as roads, streetscapes and parking decks that induces development that would not otherwise occur. Incremental taxes generated as a result of the new infrastructure can be used to reimburse a private developer for right of way acquisitions, design, engineering, and construction of the infrastructure.



1. The Highest Priority Infrastructure projects in Highest Priority Business Areas may be eligible for a TIG amounting up to 90% of incremental taxes for up to ten years.
 2. High Priority Infrastructure projects in High Priority Areas of the Town may be eligible for a TIG amounting up to 45% of incremental taxes for up to ten years.
- B. Public Asset Purchase – the building or financing of new public buildings or features that become a specific asset to the Town. These projects by pass the normal Capital Improvement Plan (CIP) process and are often a unique opportunity to obtain a desired public facility. In analyzing the viability of a project, attention will focus on how the project compares to items included in the CIP. These projects may have multiple Town and private sector revenue sources with the resulting asset owned by the Town. As a result of the nature of the project, less emphasis is placed on the “But For” and terms may be longer due to the life expectancy of the asset.

Total incremental taxes generated as a result of the development can be directed up to 90% and for up to 25 years.

- C. Economic Development Grants – the provision of gap funding for economic development projects in Business Corridor and strategic plan geographies that add value to the city and generate growth that would not otherwise occur.

Total incremental taxes generated as a result of the development can be dedicated up to 90% and for up to 10 years.

IV. Capacity Policy

The amount of the total Town-wide TIG assistance is limited to no more than 3.0% of the annual property tax levy of any given year. Before a new project can be approved, an analysis must be completed to ensure that future commitments will not exceed the TIG maximum capacity threshold. The model will be updated annually to determine that the amount of new capacity is available.