

# WHAT'S TIF, ANYWAY?



## PARCELS B & C PUBLIC HEARING

A public hearing on the “Development Plan” for the Downtown Frankfort Development Area (“Development Area”), locally referred to as Parcels B and C, will be held as required by KRS 65.7051 by the City of Frankfort, Kentucky (“City”) at 5:00 p.m. on September 16, 2020.

For full public hearing procedures and instructions on how to register to give public comment, visit [frankfort.ky.gov/Parcels-B-and-C](http://frankfort.ky.gov/Parcels-B-and-C)



### WHAT IS A TIF?

Tax Increment Financing is an economic development tool used to finance infrastructure improvements for a project by earmarking future tax gains resulting from the development project. TIF captures the future value of the improved property to pay for the current costs of making the improvements.

### DOES A TIF MEAN INCREASED TAX RATES?

No, a TIF has no effect on resident tax rates. The TIF is an agreement that the local government will use the tax revenue generated by the development to contribute toward costs of the public infrastructure included in the development project.

### WHAT WILL THE PROPOSED TIF BE USED FOR?

Public infrastructure projects as part of the development of Parcels B and C. This could include public parking and infrastructure associated with extending Washington Street. TIF legislation also allows for funds to be used for demolition and other improvements of public space that may otherwise be cost prohibitive to the developer.

### WHAT DOES A TIF DO TO PUBLIC SCHOOL TAX REVENUE?

Kentucky’s TIF legislation makes it **ILLEGAL** to pledge public school tax revenue to a project as part of a TIF. Public schools stand to benefit the **MOST** from a TIF because they cannot be asked to participate and thus will get to reap the rewards of increased tax revenues associated with the private investment from day one of the project.

### WHAT ARE THE POTENTIAL RISKS OF A TIF?

The main risk for local government is if the project doesn’t generate as much marginal revenue as anticipated and the city has directly committed debt to the project in the anticipated amount. To mitigate this risk, the local government can only pledge revenues to the extent they are generated, rather than a strict dollar amount.

### HOW DOES A TIF BENEFIT US?

A successful TIF benefits all of Frankfort and Franklin County by encouraging a significant investment in the community that will potentially include new housing, job opportunities, tourism attractions, and a new YMCA. In addition to improved quality of life, the TIF supports an investment that will very quickly increase the tax revenue to the City, County and school districts.