

ROCKWOOD SCHOOL DISTRICT
GENERAL TIF POSITION

Tax increment financing (sometimes referred to as “TIF”) is a statutory procedure available primarily to encourage the municipal redevelopment of “blighted” or “nearly blighted” areas, as defined in state statutes. With a TIF, certain taxes (typically including property taxes, sales taxes and utility taxes) are redirected to a TIF “special allocation fund.” In this manner, taxes that would normally be paid to certain local jurisdictions are remitted to the TIF fund. The municipality then uses this future projected income stream to issue TIF bonds or other obligations which are secured by a pledge of payments, in lieu of taxes, attributable to the increase in assessed valuation of taxable real property within the designated area resulting from redevelopment improvements. The bonds are then generally used to fund a portion of the costs of redevelopment projects in the designated area.

Rockwood is not automatically for or against Tax Increment Financing (TIF). Instead, we believe each individual TIF project should be considered on its own merits. This includes a rigorous and detailed evaluation of any project’s impact on all members of the community. In any given case, vested interests are held by the municipality, school district, fire district, police department, highway department and utility providers, among others.

Significant development – or redevelopment – could create inordinately higher service requirements for one or more of these local jurisdictions as compared to the related economic benefit derived. For example, new retail development may bring increased sales taxes to a municipality, but may also increase law enforcement, fire protection and traffic flow needs at the same time. Likewise, new office development, if it attracts new tenants, may bring new jobs to the community. New jobs will likely bring new families into the community and new students into the school system. In short, new development may mean an increase in local service delivery. With this in mind, some developments create more burdens than benefit when the community as a whole is considered. Therefore, how increased services will be paid for is a critical issue.

Generally, the single largest local jurisdiction impacted by a TIF proposal is the school district. The quality of life within a community is closely aligned with the quality of the school district. Development which adversely impacts the school district will eventually also negatively impact the overall community. Therefore, Rockwood believes that, in the long run, its best interest represents the community’s best interest. To protect the school district and consequently the community, only TIFs that adhere to the positions listed below should be supported.

1. TIFs should only be used when property would not be reasonably developed in the foreseeable future without the benefits of the TIF. This position complies with one of the legal requirements of TIF (development would not occur “but for…”).
2. TIF financing periods should be as short as possible so that other taxpayers do not have to subsidize the cost of providing increased services created by the new development over a longer period of time than minimally necessary. However, a longer TIF financing period with a fractional TIF is generally more desirable than a 100% TIF over a shorter period of time.
3. TIF should be restricted to “true public infrastructure” types of costs. This would include street improvements, utility upgrades, watershed control, etc. It would not include normal development

costs such as site work, building construction, land acquisition or “token” public improvements primarily benefiting the developer.

4. All affected local jurisdictions should bear only their proportional share of the costs. For example, if 50% of sales taxes are TIF’ed, then only 50% of property taxes and utility taxes should be redirected. Furthermore, any engineering review, permit, inspection, licenses, and other associated fees controlled by the municipality involved should only be assessed at 50% of the regular charge.
5. The geographical boundary of the TIF project should be limited to the specific area that is clearly in need of special development incentives. Attaching adjacent areas that would develop regardless should be avoided.
6. TIFs are never appropriate for the creation of residential development or redevelopment.

The Rockwood School District Board of Education shall review all proposed TIFs and appoint district delegates to any TIF Commission. District delegates shall regularly inform the Board of Education of the progress of discussions. While actively serving as a commissioner on a TIF Commission, such communication shall occur a minimum of once a month orally at a public meeting of the Board of Education. As a district delegate, they shall represent the Board of Education in a manner that is consistent with the Board’s stance regarding the specific TIF.