The Path to Tax Increment Financing

WEDA Fall Conference
September 29, 2015
What?  So What?  Now What?

• How it works and it’s been used elsewhere.  (Mike Bacon)

• What potential is represented in Wyoming.  (Ryan Whitehead)

• How can we gain access to this tool in Wyoming?
The Process of Engaging TIF for Wyoming

A simple two step process! -Right????

- Must be codified in Statute
- Must have Administrative Rules established by the Authorizing Agency

Not Quite that
Simple!!!
The following is my interpretation of one approach to create TIF in Wyoming ... other approaches exist!

What I am attempting to do in this presentation is to alert you to two things:

1) This legislation won’t just happen
2) It will take a concerted effort on the part of WEDA and its partners to make TIF a reality.
Starting Point - Survey the Landscape

- What is the climate /temperature of the legislative body?

- Can you use this climate to your advantage or is it best to pick a better time?

- How can understanding this help you move closer to the intent of gaining TIF in Wyoming?
Possible Options

• Solicit an aggressive Bill Sponsor and Support for Legislative Action in the 2016 Budget Session
  • Requires 2/3 vote at introduction for committee referral

• Solicit Support for referral to an Interim Committee with intent to have committee bring legislation forth in the 2017 Session
  • Likely to be positioned in the Revenue Committee
Review Enabling Legislation

• Draft language in place from previous attempts in Wyoming (at least 3 exist) Likely an additional section to WCA 15-9 - Urban Renewal

• Codified language from other States - Montana (MCA 7-15-4282), Nebraska Community Development Law (18-2101 - 18-2154), So. Dakota (11-9) Colorado 24-46-303 (sales) - 31-25-107

• Discuss bill language and history with previous sponsors and participants - Ben Avery is a key contact....

• Discuss potential legislation with the Legislative Services Office
Consider All Options

• Property Taxes
  • Less funding available (about 10% of project cost as an estimate)

• Sales and Use Taxes
  • May be more lucrative - yet more people at that trough!

• Must develop legislative strategy based upon the type of tax increment sought.
Next Find Legislative Champions

• Need to identify Key Champion(s) and the Pathway!
  • Revenue Committee
  • Minerals, Business and Economic Development
  • Joint Interim Committee on Economic Development

Who are Our Economic Development Allies ??
Helps us to prospect a bit:

**What we can learn?**

What is their Background?
  Occupation / Degree / Family

What can we do to tie them in as an advocate/bill sponsor?

Who should or does know them? How do we engage them?
Create a Clear Message for Legislation

• Many people naively consider TIF as a set aside of taxes or an abatement. “Somebody’s getting something for nothing.”

• Key to know - Participating businesses pay FULL taxes.

• It’s how the local government USES those taxes that is key.

• We must be able to identify a Clear Case for use of TIF and the Economic Impact of this Funding Tool.
Message Content

• **Big Picture Wins!**
  • Jobs/Industry/ Future Growth
  • Must be near term/tangible examples

• **What is the Impact?**
  • What can be done and who wins?

• **Where Does the Money Come From?**
  • Must be able to clearly articulate the fund flow.
  • Emphasis on the TIF not being speculative.
Identify Stakeholders - Who Cares???

- EDO’s - All WEDA MEMBERS
- WEDA Legislative Committee
- Local Governments - Locally
  - Includes Cities, Towns, County and Joint Powers Boards
- WAM - WCCA on a Statewide Basis
- Private Development Corporations
Identify Opposition

• All Consumers of Property Tax Dollars!
  • Schools
  • State Agencies
  • Local Government Departments

All Must Understand The Opposition Objections in order to craft the right message of the positive benefits of TIF Legislation

Make no mistake here - There will be opposition which is why strong champions and coalitions are necessary.
Grow a Coalition

• With Legislation Leadership, a bill draft and a clear message, the hard work begins!

• Each affected entity needs to be educated on the proposed legislation.
  • Entities need to be committed to carry message to their local legislators - prior to the Session.

• Engage key supporters to present in committee

• Invoke statewide WEDA Membership Lobby efforts
Final Thoughts

• Legislation related to taxes does not happen without a strong coalition of supporters.

• TIF works when the proposed increment comes from a near term, real project ... no speculative business parks of redevelopment areas.

• Wyoming could add a good tool to the toolbox with TIF, particularly for larger projects which exceed BRC funding limits.