

TAX INCREMENT FINANCE

Reality for Wyoming?

PROJECT EXAMPLES

Construction Cost		15,000,000				
Average Mill Levy		66.641		(Carbon County)		
			Annual Payments (P+I)			
			10 year, 3.32% Bond @		20 year, 4.05% Bond @	
Year	Cumulative Construction Value	TIF Revenues	\$964,777	6% of project	\$1,555,395	10% of project
1	15,000,000	\$114,956	\$114,956		\$114,956	
2		\$114,956	\$114,956		\$114,956	
3		\$114,956	\$114,956		\$114,956	
4		\$114,956	\$114,956		\$114,956	
5		\$114,956	\$114,956		\$114,956	
6		\$114,956	\$114,956		\$114,956	
7		\$114,956	\$114,956		\$114,956	
8		\$114,956	\$114,956		\$114,956	
9		\$114,956	\$114,956		\$114,956	
10		\$114,956	\$114,956		\$114,956	
11		\$114,956			\$114,956	
12		\$114,956			\$114,956	
13		\$114,956			\$114,956	
14		\$114,956			\$114,956	
15		\$114,956			\$114,956	
16		\$114,956			\$114,956	
17		\$114,956			\$114,956	
18		\$114,956			\$114,956	
19		\$114,956			\$114,956	
20		\$114,956			\$114,956	
21		\$114,956				
22		\$114,956				
23		\$114,956				
24		\$114,956				
25		\$114,956				
Total Bond Payments			\$1,149,560		\$2,299,120	

- Actual project financed by TIF in Twin Falls Idaho
- Funded \$1.5 million of new infrastructure, parking, landscaping, and a new pocket park for Glanbia Foods Headquarters
- Total project \$15MM of which 10% was fund by TIF

PROJECT EXAMPLES

Construction Cost		450,000,000			
Average Mill Levy		72.248		(Sweetwater County)	
		Annual Payments (P+I)			
		10 year, 3.32% Bond @		20 year, 4.05% Bond @	
Year	Cumulative Construction Value	TIF Revenues	\$31,378,436 7% of project	\$50,587,746 11% of project	
1	450,000,000	\$3,738,834	\$3,738,834	\$3,738,834	
2		\$3,738,834	\$3,738,834	\$3,738,834	
3		\$3,738,834	\$3,738,834	\$3,738,834	
4		\$3,738,834	\$3,738,834	\$3,738,834	
5		\$3,738,834	\$3,738,834	\$3,738,834	
6		\$3,738,834	\$3,738,834	\$3,738,834	
7		\$3,738,834	\$3,738,834	\$3,738,834	
8		\$3,738,834	\$3,738,834	\$3,738,834	
9		\$3,738,834	\$3,738,834	\$3,738,834	
10		\$3,738,834	\$3,738,834	\$3,738,834	
11		\$3,738,834		\$3,738,834	
12		\$3,738,834		\$3,738,834	
13		\$3,738,834		\$3,738,834	
14		\$3,738,834		\$3,738,834	
15		\$3,738,834		\$3,738,834	
16		\$3,738,834		\$3,738,834	
17		\$3,738,834		\$3,738,834	
18		\$3,738,834		\$3,738,834	
19		\$3,738,834		\$3,738,834	
20		\$3,738,834		\$3,738,834	
21		\$3,738,834			
22		\$3,738,834			
23		\$3,738,834			
24		\$3,738,834			
25		\$3,738,834			
Total Bond Payments			\$37,388,340	\$74,776,680	

- Actual project financed by TIF in Twin Falls Idaho
- Funded \$34.5 million for land and infrastructure to support Chobani Yogurt's plant expansion
- Total project \$450MM of which 7.6% was fund by TIF

PROJECT EXAMPLES

Construction Cost		\$34,150,000				
Average Mill Levy		68.513		(Average Mill Levy Park County)		
		Annual Payments (P+I)				
				10 year, 3.32% Bond @		20 year, 4.05% Bond @
Year	Cumulative Construction Value	TIF Revenues	\$2,043,260	6% of project	\$3,294,120	9.6% of the project
1	\$3,250,000	\$0	\$0		0	
2	\$10,300,000	\$0	\$0		0	
3	\$20,600,000	\$25,607	\$0		0	
4	\$30,900,000	\$81,154	\$0		0	
5		\$162,307	\$0		0	
6		\$243,461	\$243,461		\$243,461	
7		\$243,461	\$243,461		\$243,461	
8		\$243,461	\$243,461		\$243,461	
9		\$243,461	\$243,461		\$243,461	
10		\$243,461	\$243,461		\$243,461	
11		\$243,461	\$243,461		\$243,461	
12		\$243,461	\$243,461		\$243,461	
13		\$243,461	\$243,461		\$243,461	
14		\$243,461	\$243,461		\$243,461	
15		\$243,461	\$243,461		\$243,461	
16		\$243,461			\$243,461	
17		\$243,461			\$243,461	
18		\$243,461			\$243,461	
19		\$243,461			\$243,461	
20		\$243,461			\$243,461	
21		\$243,461			\$243,461	
22		\$243,461			\$243,461	
23		\$243,461			\$243,461	
24		\$243,461			\$243,461	
25		\$243,461			\$243,461	
Total Bond Payments			\$2,434,610		\$4,869,220	

- Manufacturing Plant Project in Park County
- This level of tax revenues could support a 10 year, 3.32% bond valued at \$2,043,260, or a 20 year, 4.05% bond for \$3,294,120

PROJECT EXAMPLES

Construction Cost		\$15,000,000				
Average Mill Levy		69.915 (Average Mill Levy Johnson County)				
Year	Cumulative Construction Value	TIF Revenues	Annual Payments (P+I) 10 year, 3.32% Bond @ \$1,012,170	6.7% of project	20 year, 4.05% Bond @ \$1,631,800	10.9% of project
1	\$7,500,000	\$0	\$0		0	
2	\$15,000,000	\$0	\$0		0	
3		\$60,302	\$0		0	
4		\$120,603	\$120,603		\$120,603	
5		\$120,603	\$120,603		\$120,603	
6		\$120,603	\$120,603		\$120,603	
7		\$120,603	\$120,603		\$120,603	
8		\$120,603	\$120,603		\$120,603	
9		\$120,603	\$120,603		\$120,603	
10		\$120,603	\$120,603		\$120,603	
11		\$120,603	\$120,603		\$120,603	
12		\$120,603	\$120,603		\$120,603	
13		\$120,603	\$120,603		\$120,603	
14		\$120,603			\$120,603	
15		\$120,603			\$120,603	
16		\$120,603			\$120,603	
17		\$120,603			\$120,603	
18		\$120,603			\$120,603	
19		\$120,603			\$120,603	
20		\$120,603			\$120,603	
21		\$120,603			\$120,603	
22		\$120,603			\$120,603	
23		\$120,603			\$120,603	
24		\$120,603			\$120,603	
25		\$120,603			\$120,603	
Total Bond Payments			\$1,206,030		\$2,412,060	

- Uranium Project in Johnson County
- This level of tax revenues could support a 10 year, 3.32% bond valued at \$1,012,170, or a 20 year, 4.05% bond for \$1,631,800.

DISCUSSION POINTS

- Tax increment financing is generally designed to channel funding toward improvements in underdeveloped or underutilized areas where development may not otherwise occur.
- Since property tax rates in Wyoming are typically low, a sizable capital investment is required in order to support a bond of \$1MM or more for a single project.
- TIF district designations allow revenues from multiple projects to be combined in order to fund improvements that will benefit the entire area.
- The TIF calculations assume each entity receiving mill levy within the identified TIF district would agree to participate in the TIF. It is important to note that each mill levy recipient has the option to opt out, thus potentially reducing the funds for bond payments.

DISCUSSION POINTS - BONDS

- The TIF portion of a project is financed through bonds. The bonds are sold to the public, or in some cases the bonds are fully purchased by a commercial bank.
- The bonds are typically secured by the revenue stream from the abated property tax. However, if the TIF district is newly formed without repayment history, the bond underwriter may require additional security such as a mortgage or lien on the project assets and improvements.
- If TIF financing funds a private project, the proceeds may be considered as equity, assuming additional security is not pledged.
- Wyoming constitution does not allow equity investments from governmental entities; therefore, any projects funded by TIF should be reviewed by the Attorney General for constitutionality.

CONCLUSION

Tax increment financing can be a very useful tool to support economic development in areas that are underdeveloped or otherwise less competitive for new development due to lack of infrastructure. If supported and structured correctly, this source of financing could be an economic development tool for communities in Wyoming enabling them to compete more effectively for companies making large capital investments.

Ryan Whitehead

Business Finance Program Manager

ryan.whitehead@wyo.gov

Office: 307.777.2882 | Cell: 307.214.5300

Wyoming Business Council

214 W. 15th Street | Cheyenne, WY 82002

Wyoming's economic development agency





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