



City of Evanston

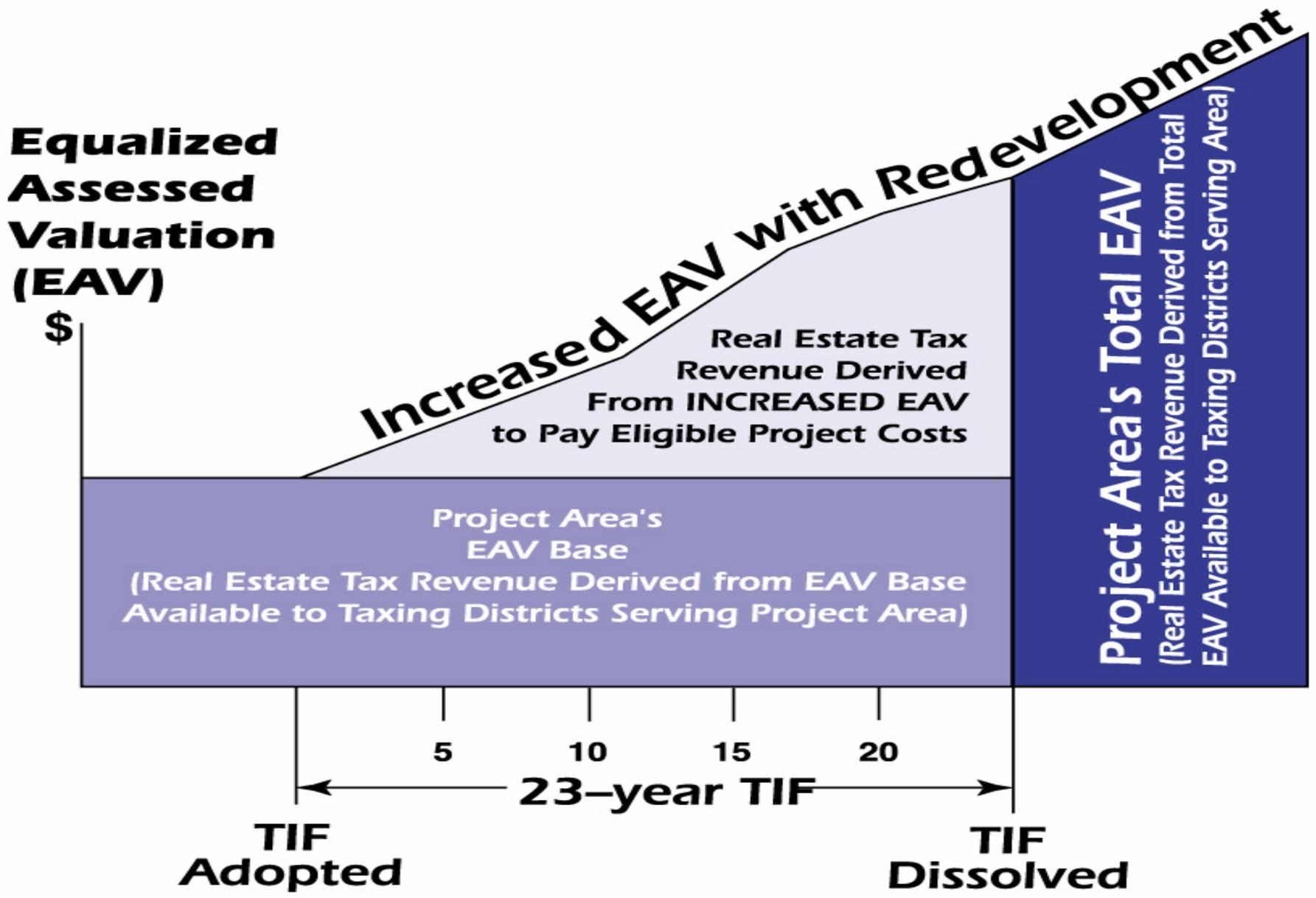
Tax Increment Financing Presentation

January 28, 2006



Tax Increment Financing

- Tax Increment Financing District – TIF
- Economic Development Tool
- Six in City of Evanston
- Downtown II, Southwest - Sam's Club, Howard-Hartrey/Target, Washington National/Sherman Plaza, Howard/Ridge, Church/Dodge



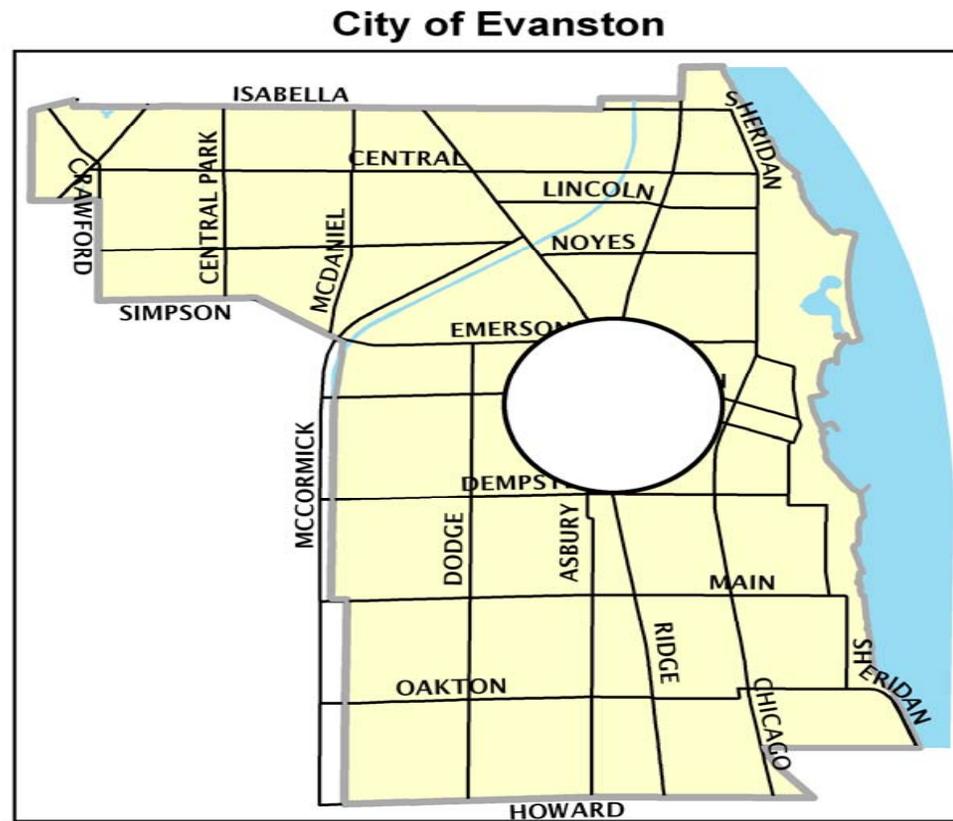


TIF Funds

- Separate geographic taxing district
- Use imputed tax rate of the total City rate for all taxing bodies
- 2004: \$7.80/\$100 of EAV
- Equalized Assessed Valuation



City Tax Rate Computed – Without TIF Districts





Downtown II - Example

- 1986 Base: \$1,835,672 EAV
- 2005 Growth: \$103,982,397 EAV
- Century, Borders, Chili's, World Market, Wolfgang Puck, Research Park, Office Bldg. etc.
- City Benefit: New Maple Garage (\$25M)
Levy Center (\$8M)



Downtown II - Example

- 2005 Growth: \$103,982,397 EAV
- Multiply by total City tax rate: \$7.80/\$100 EAV
- Generates Property Taxes of approximately \$8,000,000 used to pay debt service on Maple Garage and Levy Center



Downtown II - Example

- City plans to retire Downtown II TIF in 2008 with taxes collected for City in 2009 due to one year Cook County lag
- Treated under tax caps as if it was built that year and was new construction



Downtown II - Example

- Schools are non-home rule governments and subject to tax caps
- They can only tax for an amount that can only increase each year by the CPI or 5% whichever is the lesser
- The only exception is if there is new property – TIFs are considered new property



Downtown II - Example

- The City is a home rule government
- It also taxes for an amount but that amount is not artificially limited
- If there is new property it does not increase the City's amount of taxes but rather works to reduce the levy amount across more tax payers

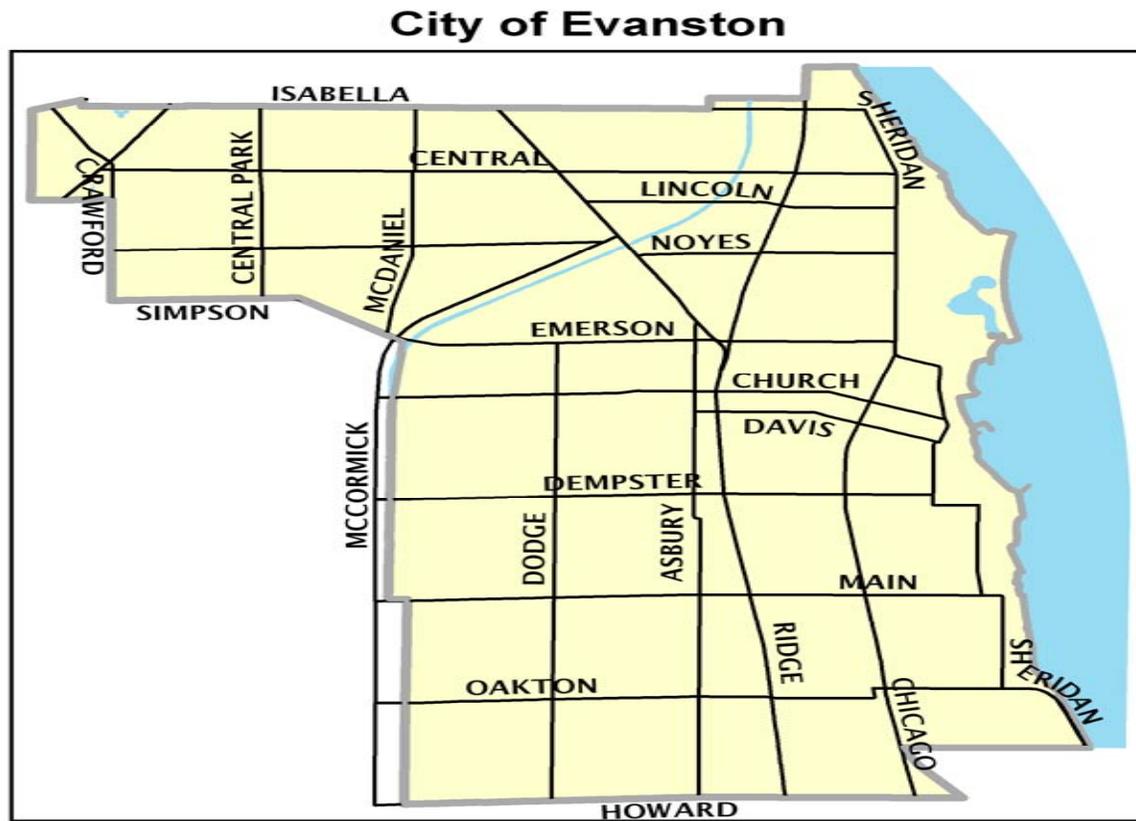


Downtown II - Example

- Let us assume that the TIF is retired in 2009.
What would happen given current property tax rates (2004 rates).



City Tax Computed – With Retired TIF District





Downtown II - Example

- District 65 would receive \$3,100,000 in additional property taxes
- District 202 would receive \$2,160,000 in additional property taxes
- These dollars would be added to their annual base (tax amount) and would be collected in perpetuity



Downtown II - Example

- The City would not receive any more dollars –
HOWEVER if
- The City treated this property as new property like the schools it would increase its collections by \$1,588,000 and theoretically not increase any taxpayers property tax bill
- City needs to consider when time comes



Southwest TIF – Sam’s

- Annually the JRB and EDC look at each TIF and their revenues and expenditures
- There are sufficient funds to consider possibly retiring this TIF early based on current debt in the TIF
- If retired the schools would receive additional new property taxes of:
 - District 65 - \$252,000
 - District 202 - \$175,000



Questions ?





Cash Balance

Cash	\$12,002,436
Less Reserved Fund Balance:	
Compensated Absences	-\$3,327,189
Building Permit Def. Revenue	-\$1,000,000
Other	<u>-\$293,476</u>
Net Unreserved Cash	\$7,381,771
8.3% of \$85,900,000	\$7,129,700
Net	\$252,071



Questions ?