

What is a TIF district?

A Tax Increment Finance (TIF) district is a tool used by Oklahoma governments to encourage development. TIFs are permitted under the Local Development Act, passed by the Oklahoma Legislature in 2001.

How does a TIF work?

The government borrows money to invest in the development — typically for incentives or public infrastructure. The loan is repaid by capturing the portion of ad valorem tax and/or sales tax generated by the development.

Does this take money away from the schools or local government?

No. The agencies that receive tax revenues for funding, referred to as “taxing jurisdictions,” continue to receive the same revenues they received before the district was created. Only new revenues generated by the development are “captured” to repay the loan.

What happens once the loan is repaid?

Once the loan is repaid, the TIF district expires and 100 percent of the tax revenues are apportioned to the taxing jurisdictions.

How does this benefit the community?

The new development generates more tax revenues, both ad valorem (sometimes called property tax) and sales tax. This means more money is available for the agencies that depend on tax revenues for funding, such as schools and city and county government.

What are the taxing jurisdictions in Washington County?

In Washington County, the taxing jurisdictions are the City of Bartlesville, Washington County, Bartlesville Public School District and Tri County Tech.

If a TIF district is approved for Eastland Shopping Center, will my taxes go up?

No. If new development occurs at the center, the center’s tax valuation will increase, which means the owner of the center or the businesses there will pay a higher ad valorem tax. That’s the money that will be used to repay the loan and, once the loan is paid, apportioned to the taxing jurisdictions.

Why does Eastland Center need a TIF district?

Built 50-plus years ago, Eastland Center has declined over the past two decades and is in danger of becoming blighted. The owners of the center have plans to bring in new business. But to do that, improvements are needed to the west entrance intersection to accommodate traffic in the area.

What improvements are needed for the highway?

Protective/permissive turn lanes are needed for both northbound and southbound traffic at the intersection on the west side of the center. This means upgrades are needed for the traffic signal and the highway will need to be widened. Also, additional turn lanes are needed for ingress and egress to and from the center.

If the center isn't yet blighted, does it qualify for a TIF district?

Yes. Eastland Center meets several of the criteria provided under the Local Development Act, including the fact that it is underdeveloped and likely to become blighted without intervention, as well as the overall age of the center.

Is it true Hobby Lobby is relocating within Eastland Center and Chick-Fil-A is opening a restaurant there?

Hobby Lobby is relocating to the former Atwoods building. Chick-Fil-A has submitted plans to the City of Bartlesville for construction of a new facility near the west entrance of the center (closest to Highway 75). However, according to the owners of Eastland Center, Chick-Fil-A has not committed to the location and could still opt out.

Is it true the TIF district is not required for Chick-Fil-A to locate in Eastland Shopping Center?

Yes. City staff estimates the Hobby Lobby relocation will have minimal impact on traffic and that the highway could likely accommodate excess traffic created by one new restaurant.

Then why is the TIF district needed?

No further development will be approved at the center until improvements are made to the west intersection. Not only is this necessary for proper city planning, it is a public safety issue. This need was identified as far back as 2004, when a traffic study indicated improvements were needed to ensure a safe flow of traffic in the area.

Is there a consequence to not approving the Eastland TIF district?

Yes. According to the Washington County Assessor's Office, the valuation of Eastland Center will likely decrease if nothing is done to revitalize it. Less tax revenue means less money for local education and city and county services. Also, for the more immediate term, the creation of a TIF district will secure current levels of funding for the taxing jurisdiction.

Exactly what is this going to cost?

Improvements to the highway will cost an estimated \$400,000. An additional \$50,000 will be needed for administrative costs. If approved by the City Council, the City would borrow \$450,000, at an interest rate estimated to be approximately 3.5 percent, on a 15-year note. However, it is anticipated the loan will be repaid in 10 years rather than 15, saving a significant amount of money.

Is it true this will divert \$965,843 away from public education?

No. If the loan took the entire 15 years to repay, this would be the cost for all the taxing jurisdictions combined, with the brunt of the cost impacting the City of Bartlesville. However, the loan is very likely to be repaid in 10 years or less, bringing the number down to \$543,249. Broken down further, the annual average paid by the taxing jurisdictions would be \$4,594 for Washington County, \$27,429 for the City of Bartlesville, \$18,103 for Bartlesville Public School District (or about \$9,000 from

BPSD's general fund, which would be off-set by state aid), and \$4,199 for Tri County Tech.

Where does sales tax come into play here?

The City of Bartlesville will apportion 25 percent of sales tax revenue generated by the new development to the TIF. This number takes into account that roughly 50 percent of sales generated by the new development will be sales that are diverted from existing businesses. That number was then halved again, to arrive at 25 percent. This is the formula typically used when estimating sales tax designation.

Are there other TIF districts in Bartlesville?

The Eastland Center TIF district will be the 11th TIF district, only eight of which are in force. If this TIF district is approved by the City Council, there would be a total of six active TIF districts in Bartlesville.

Which of the taxing jurisdictions support this TIF district?

Several representatives of city and county government and local education have expressed support for the Eastland TIF District, including BPSD Chief Financial Officer Preston Birk, Washington County Assessor Todd Mathes and Commissioner Mike Dunlap, and City of Bartlesville Councilor Alan Gentges.