

# TAX INCREMENT FINANCING



## **Policy Description:**

Described in Chapter 311 of the Texas Tax Code, [www.statutes.legis.state.tx.us/Docs/TX/pdf/TX.311.pdf](http://www.statutes.legis.state.tx.us/Docs/TX/pdf/TX.311.pdf), Tax Increment Financing (TIF) is a tool that local governments can use to publicly finance needed public and structural improvements and enhanced infrastructure within a defined area. These improvements usually are undertaken to improve the economic condition of a designated area, to promote the viability of existing businesses and to attract new commercial enterprises to the area.

The cost of improvements to the area is repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. Specifically, each taxing unit can choose to dedicate all, a portion of, or none of the tax revenue that is attributable to the increase in property values due to the improvements within the reinvestment zone.

The additional tax revenue that is received from the affected properties is referred to as the tax increment. Each taxing unit determines what percentage of its tax increment, if any, will be committed to the repayment of the costs of financing the public improvements.

Priority will be given to projects which are in Catalyst Areas. Recipients who are granted Tax Increment Financing are strongly encouraged to support the local community with cash contributions, volunteer support and in-kind services. In particular, the City seeks support for the downtown area, arts and cultural projects and community organizations. Moreover, for retail projects, consideration must be given to small local businesses in the form of reduced rents or other financial support on the project site.

The City may consider Tax Abatement in TIF zones, however, an evaluation will be done to ensure the granting of the abatement will not impair the financing of the TIF development

## **Eligibility Criteria:**

- The following are required:
  - (1) Commission economic impact study;
  - (2) Agreement to background check;
  - (3) Submittal of letter of financial assurance.
- The program is designed strictly for public improvements.

- The program encourages redevelopment and new development.
- Payment of the project is dependant upon the generation of future tax revenues.
- A City may not create a reinvestment zone if:
  - (1) More than 10 percent of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes; or
  - (2) The total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 15 percent of the total appraised value of taxable real property in the City and in the industrial districts created by the City.

### **How to Apply:**

Applicants seeking incentives must file an application for Economic Incentives before the request can be considered. Please contact the City of Corpus Christi's Economic Development Office at (361) 826-3850 to request the application or visit [www.cctexas.com/economicdevelopment](http://www.cctexas.com/economicdevelopment) to download the application.

The City shall not grant any incentive unless the business submits a full and complete application and provides additional information as may be requested. The accuracy of the information in the application is the sole responsibility of the applicant. Upon request, the applicant shall provide supporting documentation. Any misstatement of or error in fact may render an application null and void and may be cause for repeal of any ordinance adopted in reliance of said information.

If it is determined that the application meets these guidelines, a full and financial programmatic review will be conducted. This review may be done by City Staff, an outside agency or consultant and will ensure conformance with these guidelines.

An application fee of \$5,000 will be submitted at the same time the application for economic incentives is submitted. The fee must be paid in the form of a check or money order and made payable to the City of Corpus Christi, Texas.

### **Additional Resources**

Development Services  
[www.cctexas.com/developmentservices](http://www.cctexas.com/developmentservices)