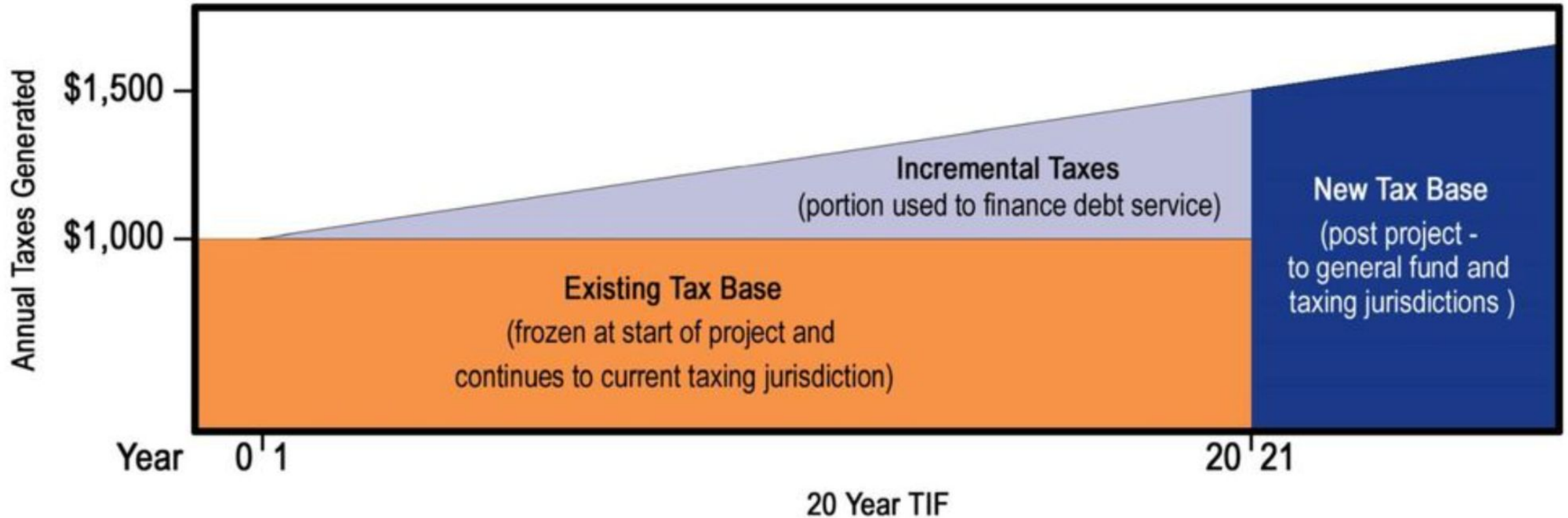# HOW DOES TIF WORK?

- TIF relies on the underlying assumption that physical improvements will increase property values and increased property values will create more property taxes in the area.

- It also assumes new economic activity will create more sales and more employment taxes in the area.

- TIF also relies on a "but/for" provision – *"But/for the TIF, the redevelopment activities would not otherwise occur."*

- The but/for is the project's way of showing taxing jurisdictions that the increment is new and they are not "losing" revenues.

HOW DOES TIF WORK?

Basic TIF Model

20 Year TIF

HOW DOES TIF WORK?

- The property, sales and other economic activity taxes collected before the TIF are considered the *"existing tax base" (baseline)* and continue to be distributed to taxing jurisdictions, as they always have been, throughout the term of the TIF (15-23 years).

HOW DOES TIF WORK?

CORTEX
innovation community

- The additional taxes collected as a result of the redevelopment are the "increment" and are used to pay project costs.

  - **PILOTS (payments in lieu of tax)** - Tax increment produced as a result of increased assessed property values in the area over the baseline. 100% of the PILOTS may be diverted to the Special Allocation Fund to pay project costs.

  - **EATS (economic activity taxes) –** Tax increment produced as a result of increased sales and employment in the area over the baseline. 50% of the EATS may be diverted to the Special Allocation Fund to pay project costs.

Cortex RPA 6

*The annual assessed value must exceed the Base Equalized Assessed Value (EAV) in order for PILOTs to be generated. Assessment records show that the **taxable assessed value of the property within RPA 6 is $1,439,400***

HOW DOES TIF WORK?

CORTEX TIF DISTRICT PILOTS & EATS OVERVIEW

- Increases in real estate taxes (PILOTs) and 50 percent of the increases in certain economic activity taxes (EATs) from pre-TIF levels generated within a RPA are available for financing a portion of the costs of development projects located within the TIF District for a twenty-three (23) year period after TIF financing St. Louis Innovation District TIF Revenue Study RPAs 1A(I), 1A(II), & 1B in that RPA is "activated."

- Pursuant to the Redevelopment Agreement, the Developer has the authority to enter into TIF parcel development agreements ("TIF PDAs") with other developers ("Sub-Developers") to carry out portions of the redevelopment within the TIF District.

- Because the TIF Act authorizes the capture of PILOTs and EATs within an RPA for a period of only twenty- three (23) years after initiation of TIF financing in that RPA, Cortex and the Developer have decided to initiate TIF financing in the 11 RPAs over the course of a ten (10) year period; this will help to maximize the PILOTs and EATs available to fund development projects.