

# MCKINNEY TOWN CENTER TAX INCREMENT REINVESTMENT ZONE (TIRZ)

TIRZ No. 1



## Overview of a TIRZ

- Authorized under Chapter 311 of the Texas Tax Code
- Created to help finance the cost of improvements (i.e. infrastructure, preservation and remediation) needed to promote development or redevelopment of a specific area that would otherwise not attract significant private investment
- TIRZ may retain new property and sales taxes over a base year value
- Under a TIRZ, a property owner pays taxes on the full value of the property and participating taxing entities allocate a portion of those taxes into a TIRZ fund based on the added value of the land
- Other taxing jurisdictions can participate in TIRZ such as the County
- Governed by a Board of Directors appointed by the City Council with powers delineated by City Ordinance establishing the TIRZ
- A TIRZ can issue bonds for up to 20 years
- A Project Plan establishes the eligible projects for TIRZ investment

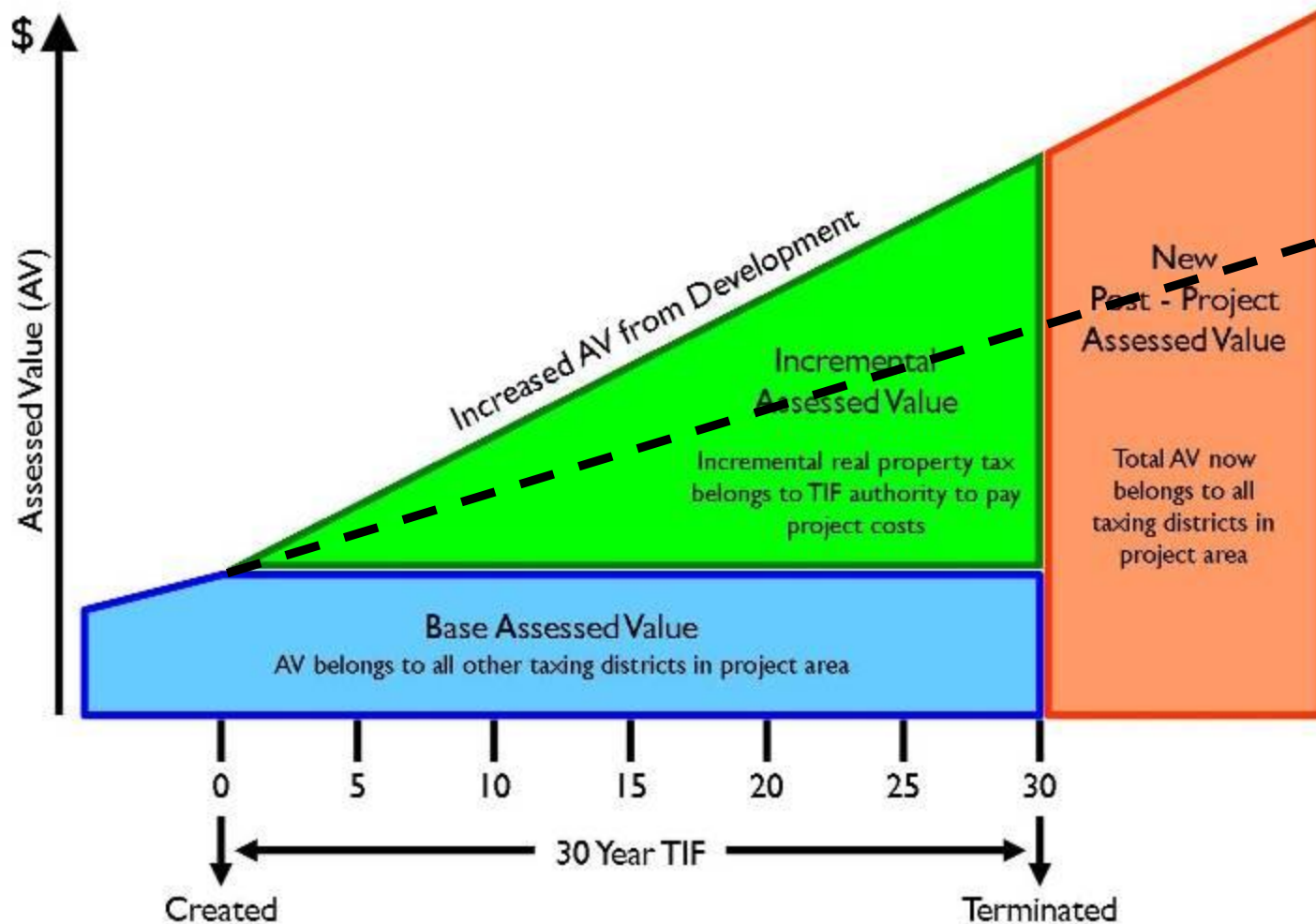
## Overview of a TIRZ

### What a TIRZ is NOT:

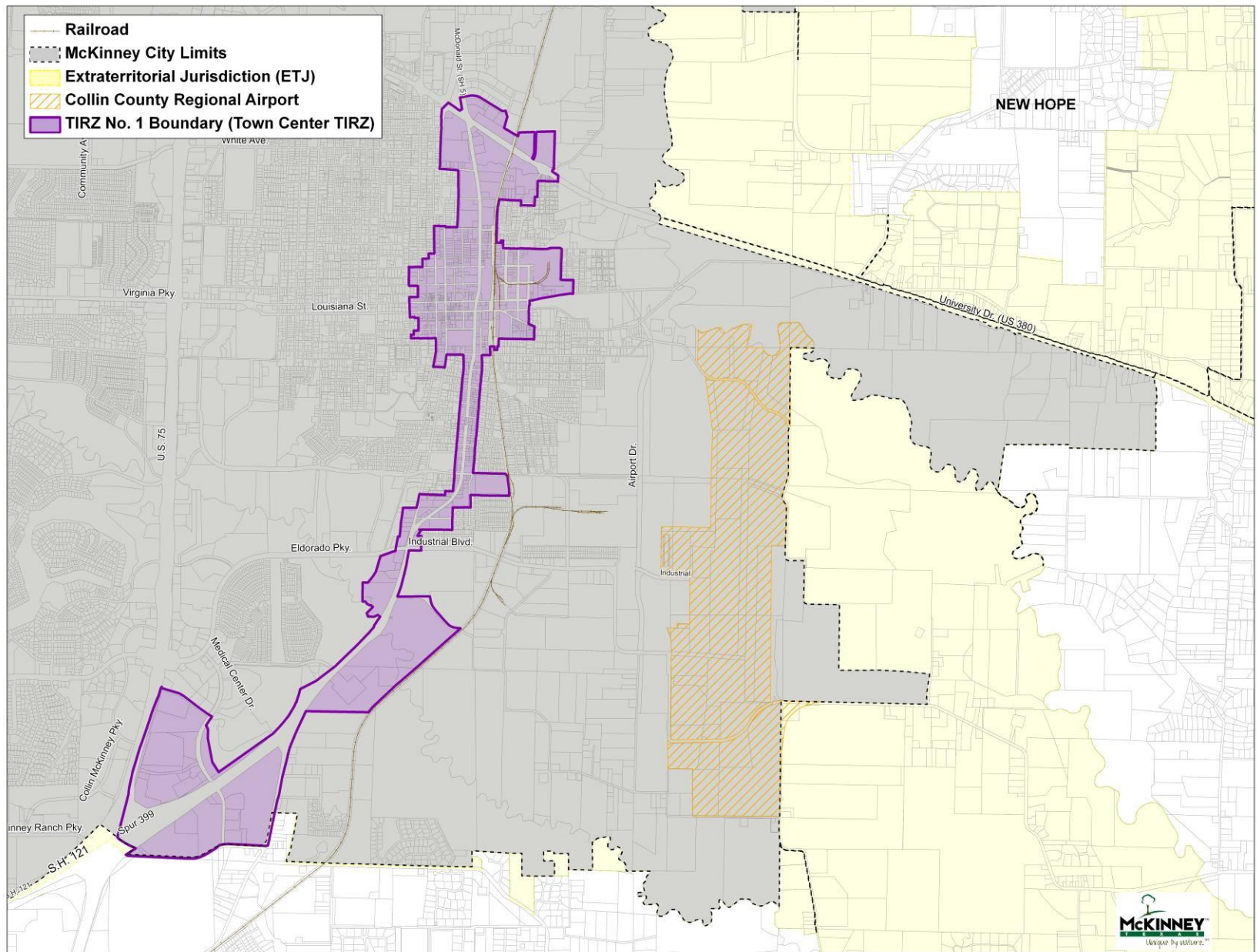
- an additional tax
- a tax abatement or rebate of taxes
- a freezing of taxes or tax rates
- an obligation of the general fund of the City and cannot trigger a tax increase
- a gift or windfall to developers
- a mechanism for skirting City regulatory process or codes

# How does TIF Financing Work?

## TIF Assessed Value Over Project Life



## Proposed TIRZ No. 1 Boundary



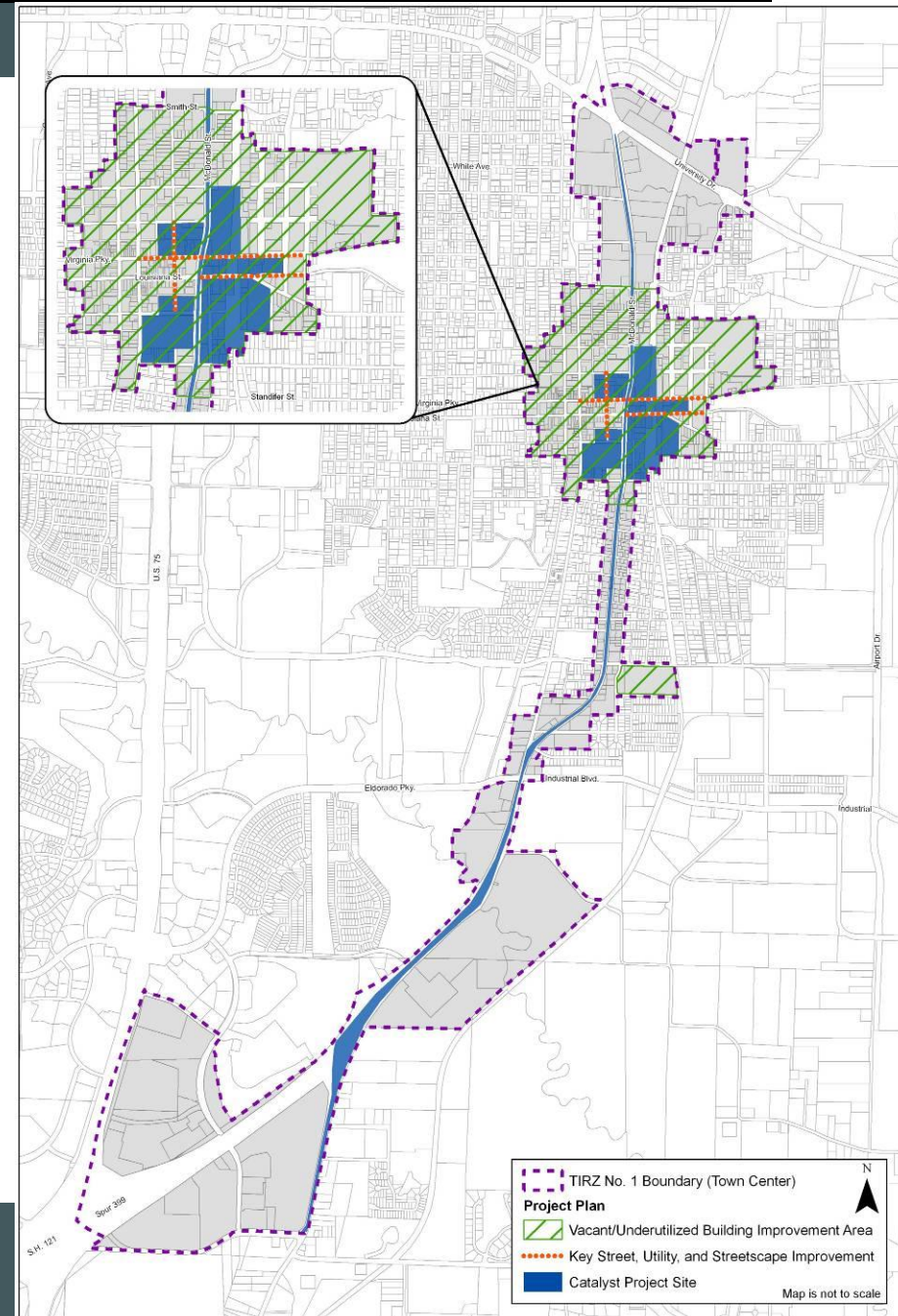
## Why a TIRZ for the Town Center?

- Proactive plan in-sync with the approved Town Center vision
- Puts developers and private investors on notice of City's intentions
- Financing tool and structure that is well-understood by the private sector
- Protects the City by shifting risk
- Ability to influence developer plans and projects over the long-term



## TIRZ No. 1 Proposed Project Plan

- State Highway 5
- Parking Facilities
- Development/Redevelopment of buildings
- Transit Improvements
- Remediation of vacant/underutilized sites
- Mixed income housing support



## TIRZ No. 1 Preliminary Finance Plan Projections

- Base year taxable value (2009) = \$218 Million
- 2040 taxable value = \$1.2 Billion
- City's property tax revenues (100% cumulative 2040) = \$78.9 Million
- County's property tax revenues (50% cumulative 2040) = \$16.3 Million
- City's sales tax revenues (100% cumulative 2040) = \$43.8 Million
- Total city and county tax revenues (cumulative 2040) = **\$139.0 Million**