

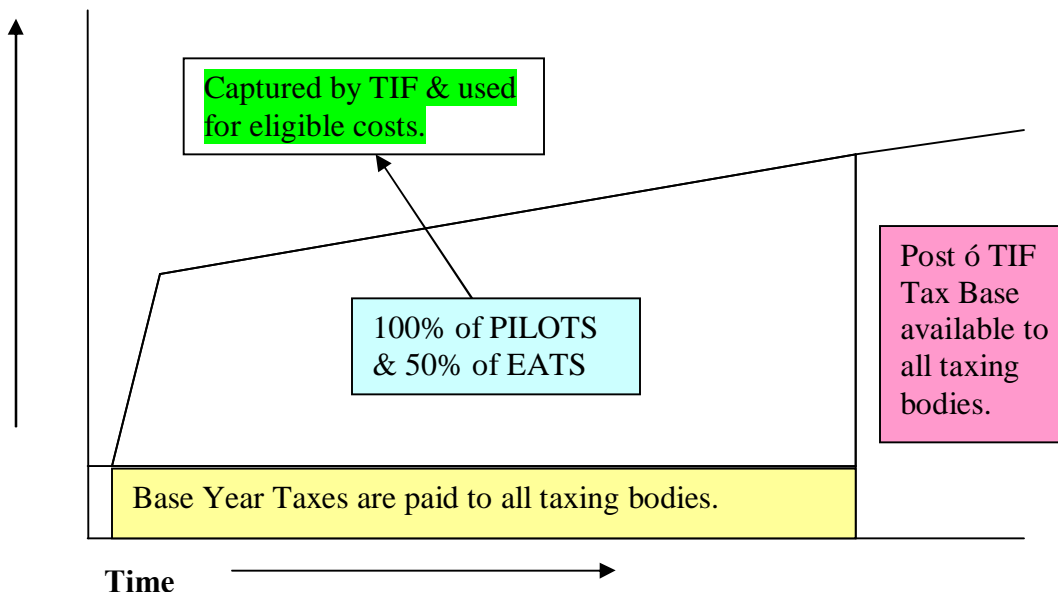
Redevelopment Tools – 101: A Visual Guide

TIF

TIF stands for **Tax Increment Financing**. The TIF Commission is an independent agency of the City of Kansas City, Missouri. Approved projects **capture some or all of the incremental increase in taxes generated by the project** in order to help finance the project. The Tax Increment Financing Commission administers all of the TIF districts within Kansas City.

In TIF, the property owner/developer must actually pay the increased property tax bill resulting from their rehabilitation or construction project. The increased property taxes resulting from the rehabilitation or redevelopment project are called Payments In Lieu Of Taxes (PILOTS). **100% of the PILOTS are captured by the TIF and used to pay for eligible costs. 50% of the increased Economic Activity Taxes created by the project (such as local earnings, sales, and utility taxes) are also captured by the TIF and used to pay for eligible costs.** The base property taxes existing at the beginning of the project continue to be paid to the taxing bodies.

Value

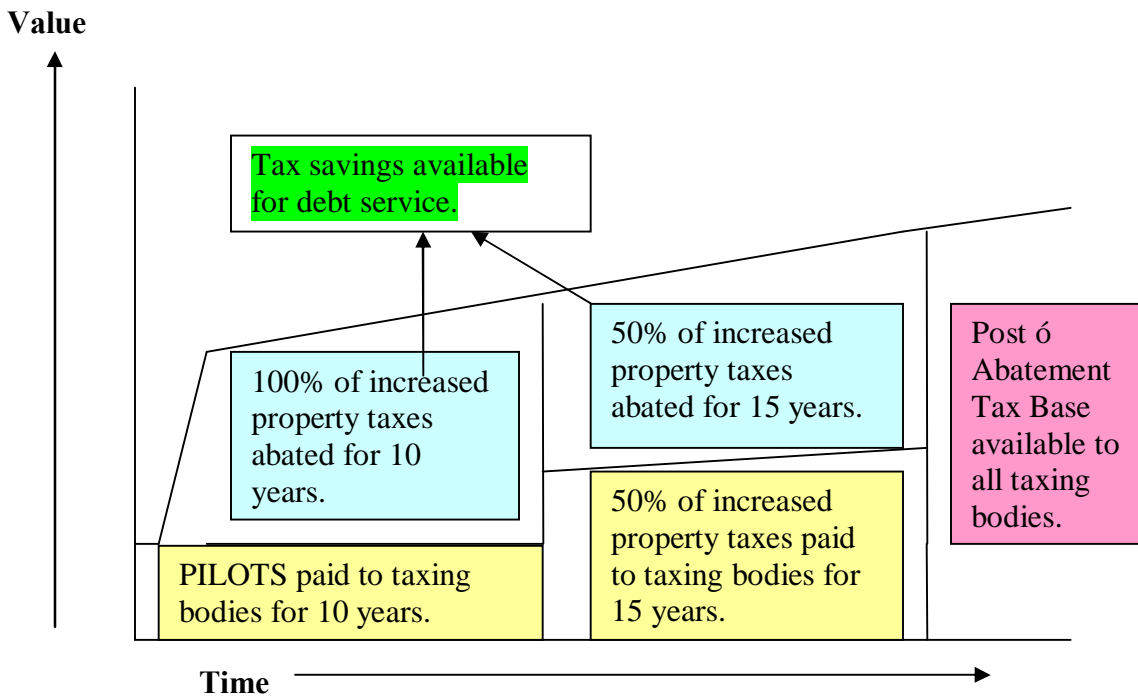


After all of the projects have been completed and all of the eligible redevelopment costs have been paid, the TIF district can be terminated. This allows all of the taxing bodies to share in the increased value and revenues of the project.

PIEA

PIEA stands for the **Planned Industrial Expansion Authority** and for a **Planned Industrial Expansion Area**. The PIEA is an independent agency of the City of Kansas City, Missouri. Approved projects may be granted **up to 25 years of property tax abatement** to stimulate private investment and make the projects more affordable.

When the PIEA grants property tax abatement, it abates (or forgives) all of the existing taxes on the property. However, the PIEA then typically requires the property owner/developer to pay Payments In Lieu Of Taxes (PILOTS) equal to the pre-development property taxes on the property. This means that all of the taxing bodies will continue to receive their tax revenues. **Up to 100% of increased property taxes resulting from the redevelopment project may be abated for up to 10 years and may be followed by up to 50% abatement for up to an additional 15 years.** These tax savings represent cash savings that can be used by the property owner/developer for debt service on the redevelopment projects.



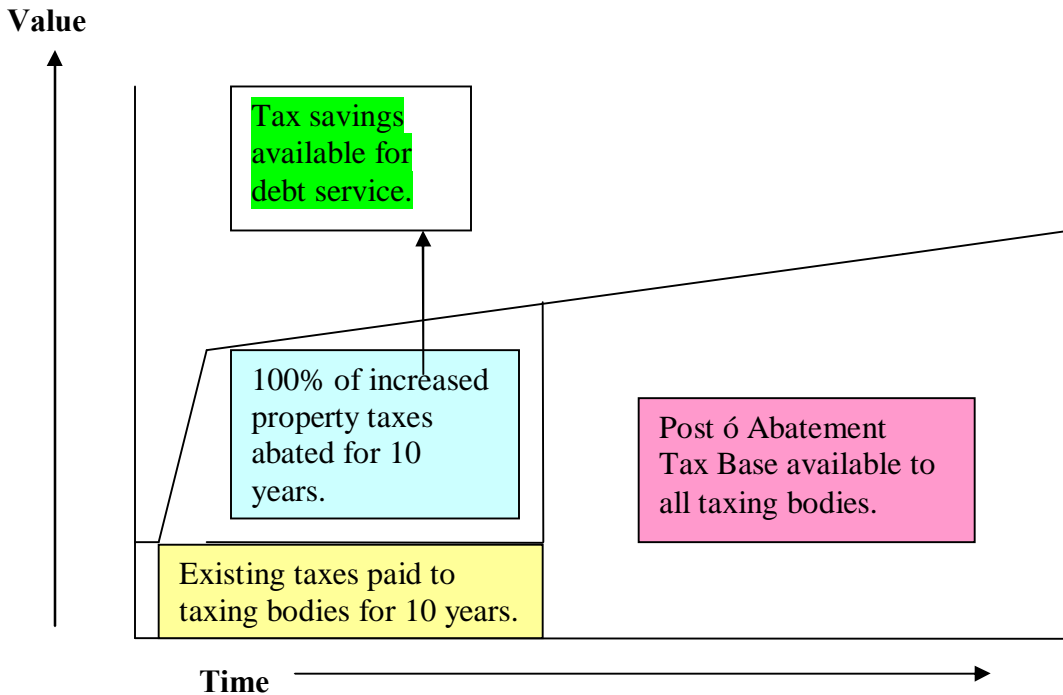
When the PIEA abatement drops to 50%, all of the taxing bodies receive an increase in tax revenues from the project. When the PIEA abatement terminates, all of the tax revenues from the project become available to all of the taxing bodies.

Chapter 353 operates in a similar manner, but has different requirements for the redevelopment entity.

LCRA

LCRA stands for the Land Clearance for Redevelopment Authority. The LCRA is an independent agency of the City of Kansas City, Missouri. Approved projects within Urban Renewal Areas may be granted up to 10 years of property tax abatement to stimulate private investment and make the projects more affordable.

When the LCRA grants property tax abatement, it abates (or forgives) only the increased taxes resulting from a rehabilitation or redevelopment project. This means that all of the taxing bodies will continue to receive their existing tax revenues. **100% of increased property taxes resulting from the redevelopment project may be abated for up to 10 years.** These tax savings represent cash savings that can be used by the property owner or developer for debt service on the redevelopment projects.



When the LCRA abatement terminates, all of the increased property tax revenues from the project become available to all of the taxing bodies.