

MEETING DATE: 01/05/26

AGENDA ITEM SUMMARY

Subject: Updates to TIF Matrix

Background Summary: Trout

Recent changes enacted by the State Legislature are expected to reduce revenues generated from property taxes. In response to these changes, staff and the City's Economic Development Committee have reviewed the City's financial policies related to commercial and industrial development agreements that utilize tax increment financing (TIF).

Given the likelihood of reduced availability of property tax revenue, both staff and the committee agree that it is financially prudent to update the City's TIF Matrix to better align incentive policies with current fiscal conditions while continuing to support economic development.

Proposed updates to the TIF Matrix include a reduction in the number of available rebate tranches, the implementation of a sliding scale for annual rebate percentages based on an applicant's score, and a reduction in the maximum length of agreements from ten years to nine years. In addition, proposed changes would require TIF recipients to maintain a minimum assessed property value, to be established on a case-by-case basis, for the full duration of the applicable urban renewal area.

These updates are intended to provide greater financial predictability for the City, ensure responsible use of TIF incentives, and allow developments to begin generating property tax revenue sooner than under the current structure, while maintaining a structured and transparent framework for evaluating development proposals.

A rebate calculator has been developed to illustrate how the proposed TIF Matrix changes would be applied to development projects. The calculator can be accessed at:

<https://charles-city-rebate-calculator.lovable.app>