

THE TRUTH ABOUT TIF

The future holds great promise for both Shelbyville and Shelby County. Our responsibility - my responsibility as Mayor - is to prepare for it. The new Honda plant, the expanded race track and casino, the development which is scheduled to occur at the I-74 and 44 interchange, and other projects on the drawing board, will bring new jobs and opportunities to our community. It also brings challenges - such as the need for additional housing, health and safety services, and infrastructure expansion. The question is, who will pick up the tab for this expense?

Tax Increment Financing (TIF) is one of the most important development tools a city has in responding to infrastructure demands. Put simply, it provides that the businesses and industries who develop an area are responsible to pay for necessary infrastructure improvements. Otherwise, that burden would fall on you and me and every other taxpayer in the city. And that would not be fair.

TIF districts have been used successfully throughout the state, and here in Shelbyville. The Fairland TIF district is no exception. It is necessary and will be successful and will secure the future expansion possibilities for that area as far as infrastructure needs are concerned.

There are some misconceptions about what a TIF is, how it is used, and its impact on a community. Let me answer as many of those questions as I can.

What does a TIF do? When an area is developed, it generates additional tax revenues. Those additional tax revenues are used to pay cost of bringing infrastructure to the developed area. For example, when Wal-Mart was developed, a bond issue was passed to pay for many, if not all, of the improvements to that area of the city. The additional taxes generated by Wal-Mart and the other businesses which sprung up around it, are being used to retire the bond. Otherwise, the citizens of Shelbyville would have had to pay for those improvements.

What does a TIF NOT do? It does not affect the distribution of existing tax revenues from that area. Thus, if there were already businesses there, or if the land was taxed as residential or farm land, those tax revenues continue to be paid to the usual taxing units, such as the city, the county, the school district, etc. Thus, a TIF does not take any existing money AWAY from any unit of government. It just provides that the additional tax revenues are used to pay for the necessary improvements. When the bond issue is retired, those additional tax revenues then flow to the other units of government.

Was there communication about the TIF? Yes. The first group I spoke with in February of this year was the Triton Superintendent and school board. We discussed the proposed TIF and the benefits that would bring to that area of the county and their school district. At that meeting there were no objections expressed, and subsequent discussions progressed well. After that, we advertised PUBLIC meetings at City Hall to discuss the TIF on at least three (3) occasions. These were public meetings, and were reported in the paper. There will be another public meeting on May 12, 2008.

Will the TIF benefit the Fairland area and Triton Schools? Yes. As part of our TIF plan, the schools have been told that they will receive an advance payment of \$1 million. Additionally, we have told the Township Trustee that the plan would include \$300,000 for a new fire/ambulance station in Fairland, which would bring needed emergency response to the northern part of the county.

Most importantly, the new access road and related improvements will create the opportunity for additional expansion of the industrial park, and the creation of new jobs and new tax revenues for the city, county and school districts. Finally, the TIF plan anticipates a 36" sewer line running directly to that area from our waste water treatment plant. This will cost \$3 to \$5 million, but will open up the possibility of sewer service to that area of the county. These are necessary but expensive projects, which could not happen without the development at the Fairland exit. If we do not use the additional tax revenues from the businesses in that area to pay for these improvements, the citizens of Shelbyville would have to assume that burden. I will not allow that to happen, and we would abandon these projects before we would saddle the city taxpayers with that responsibility! That would destroy all opportunity for future growth and development in that area of the county. That would be a disaster to our community.

Does development in the city help the county taxpayer? ABSOLUTELY YES! First of all, every city resident is also a county resident, and pays the same county taxes as a farmer or homeowner or business person in the county. However, they ALSO pay city taxes. Forty-eight percent (48%) of the assessed valuation of Shelby County lies within the city limits of Shelbyville. Thus, Shelbyville residents pay 48% of the county tax rate, plus 100% of the city tax rate. If you live in the county, but work or eat or shop in Shelbyville, you don't have to pay for the streets and roads and sewers that you use. But the citizens of Shelbyville pay 48% of the cost of county government.

Will development lower my taxes? Yes. Without continued economic development and the spreading of the burden over a larger and larger base, our taxes would soar. Knauf, Ryobi, PK and other similar industries like them pay over 50% of the total tax burden in both the city and county. Without them, and without attracting new industries and jobs, Shelbyville and Shelby County would waste away. The development that already exists in the Fairland area provides over \$1.1 million annually to the Triton school budget. It will continue to do so, and increased development will add to this. However, someone has to pay the costs associated with this development, and it is only right that we use the additional tax revenues from that TIF district to do this.

Are there misunderstandings about TIF? Yes. Some are honest misunderstandings, and honest disagreements. Not everyone has the same view about the need for development. Some people hope things never change. The rest of us know that change is coming, and that being prepared is absolutely essential. Unfortunately, I believe that some individuals are using this issue for political purposes. I know there have been handouts that show financial impact that are wrong. I know there have been statements made which are false. If you have a political agenda, then I am wasting my time talking to you. If, however, you have an open mind, and have honest questions and doubts about the need for a TIF district, then come to the meetings and we will discuss this matter calmly and respectfully.

Will I abandon my efforts to create this TIF district? No. Development is occurring in that area, and will continue along the corridor between the Industrial Park and the Fairland exit. Infrastructure is needed and is essential, and will be built. It would not be fair to place this burden on the taxpayers of Shelbyville, and I will not allow that to happen. We are paying more than our fair share now, everyone in the county is benefiting from the continued growth and development of Shelbyville, and it is only right that the additional tax revenues from the businesses in the TIF district be used to pay those costs. The Wal-Mart TIF is a success, the Fairland TIF will be a success. These projects bring jobs, opportunity, increased tax revenues, and a better quality of life to everyone in Shelbyville and Shelby County. We should be joining together and celebrating the opportunities for a better quality of life in Shelbyville and Shelby County. Most are doing so - - we invite the rest to join in.



Scott Furgerson, Mayor
CITY OF SHELBYVILLE