

# Meade County Commission

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Tax Increment Financing District

TIFD Number One

Fort Meade Way



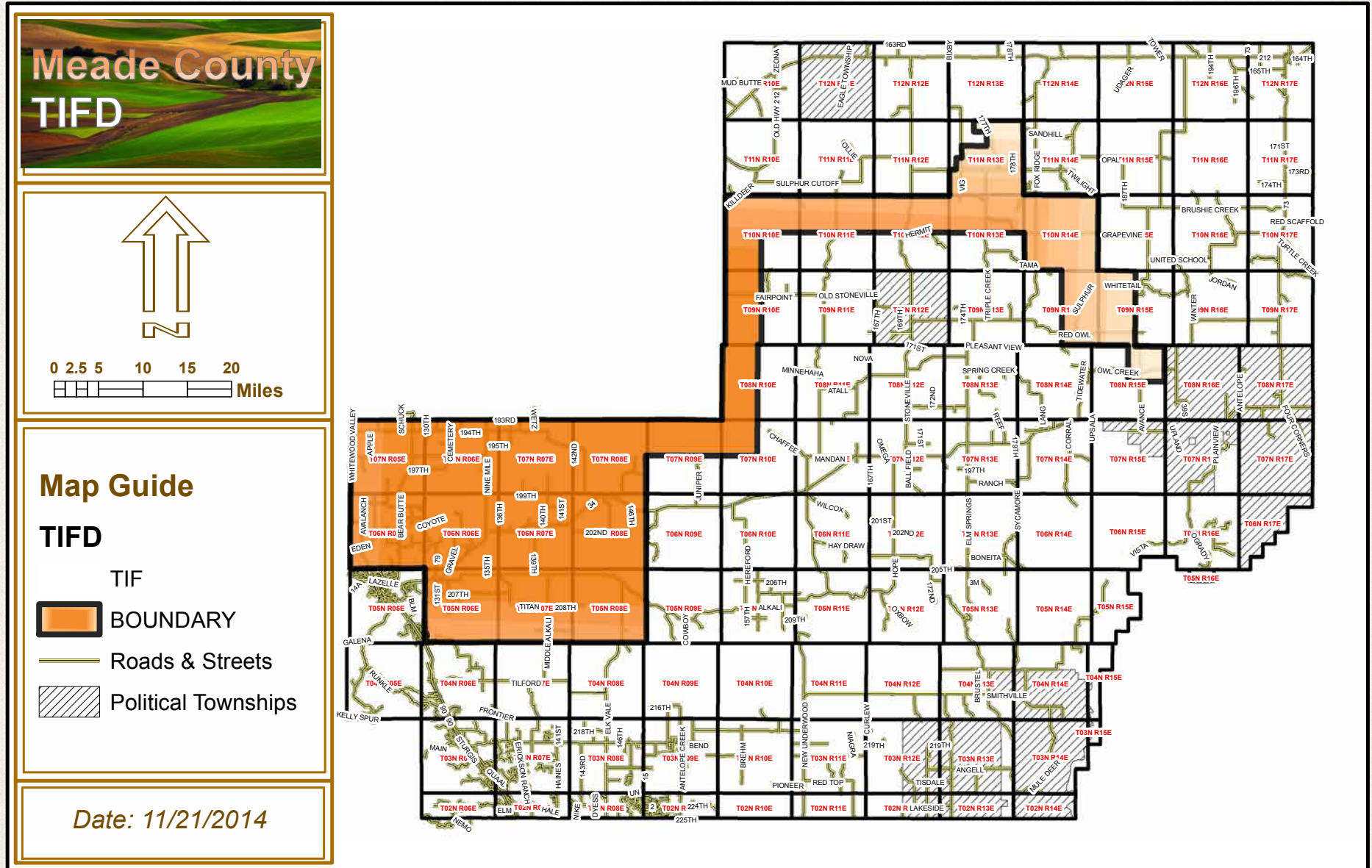
# What is a TIF?

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- Tax Increment Financing (TIF) is a method of financing improvements and development for a specific project or area
- Municipalities and Counties are authorized to develop TIF's under South Dakota Codified Law Chapter 11-9 "Tax Increment Districts"



# Meade County TIFD Number One





# TIFD Number One cont'd

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- Is nearly 647 sq. miles and has an assessed value of approximately \$200 million
- Can only be 10% of a county's assessed value: Meade County is assessed at over \$2 billion
- The boundary was designed to capture revenue from proposed Keystone XL Pipeline route
- Property assessments are unaffected by the TIFD
- Taxes are unaffected, except for new commercial development, which is ineligible for the discretionary formula within TIFD
- Lifespan is dependent on project costs, financing opportunities and growth within the TIFD, not to exceed 20 years



# South Dakota TIFD History

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- According to the South Dakota Department of Revenue, TIF Districts have existed in South Dakota since 1983, totaling 267 statewide
- Currently, 157 are active
- TIF Districts within Meade County have totaled 11, 3 of which are currently active (2 in Sturgis and 1 in Summerset)
- 3 additional TIFs are proposed within the City of Sturgis



# The “Increment”

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- The Increment is the difference between the base value, the total value of the TIFD at the beginning of the project, and future value of the TIFD.
- Taxes that are paid on the increment do not go to the taxing entities, but are placed in a special fund to pay for the project cost established for the TIF. However:
  - ❖ As of 02/10/15, the Meade School Board unanimously approved a Memorandum of Understanding with Meade County which would lessen the loss of revenue to the school district from the county's proposed TIFD.



# Schools and TIFDs

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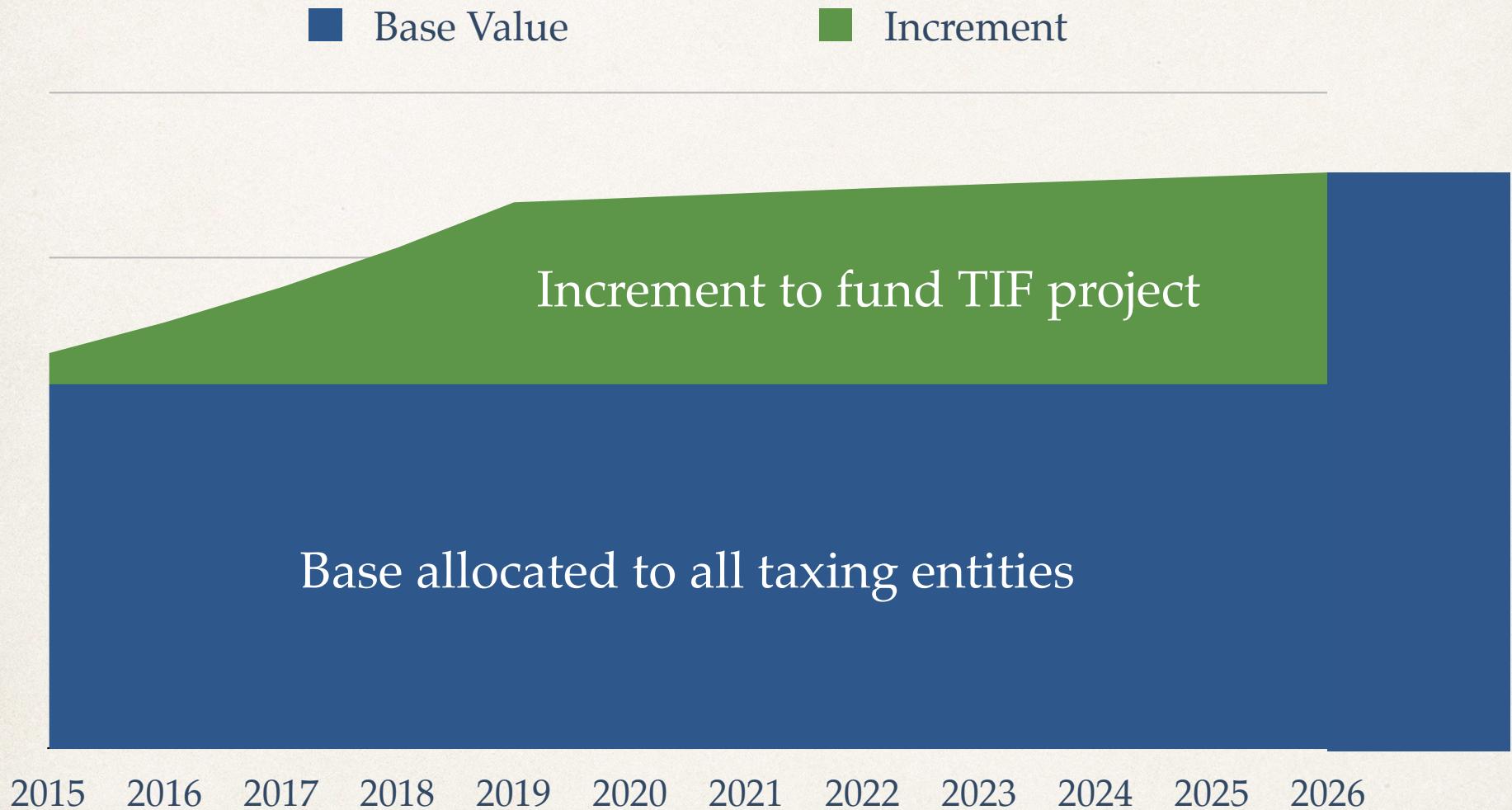
**GUARANTEE:** State aid provides the equalization of funding to districts. Based upon your enrollment and what you are entitled to through state aid, the district is guaranteed that amount through a combination of local property tax and state property tax. The local property tax puts in the bucket first and then state aid fills whatever is needed to make the district whole to the level they are guaranteed.

The establishment of a TIF district would not impact the amount of revenue that the district is entitled to through the state aid formula for the general fund.

- **By agreeing to the Memorandum of Understanding with Meade County, the school board removed their opposition to TIFD Number One.**



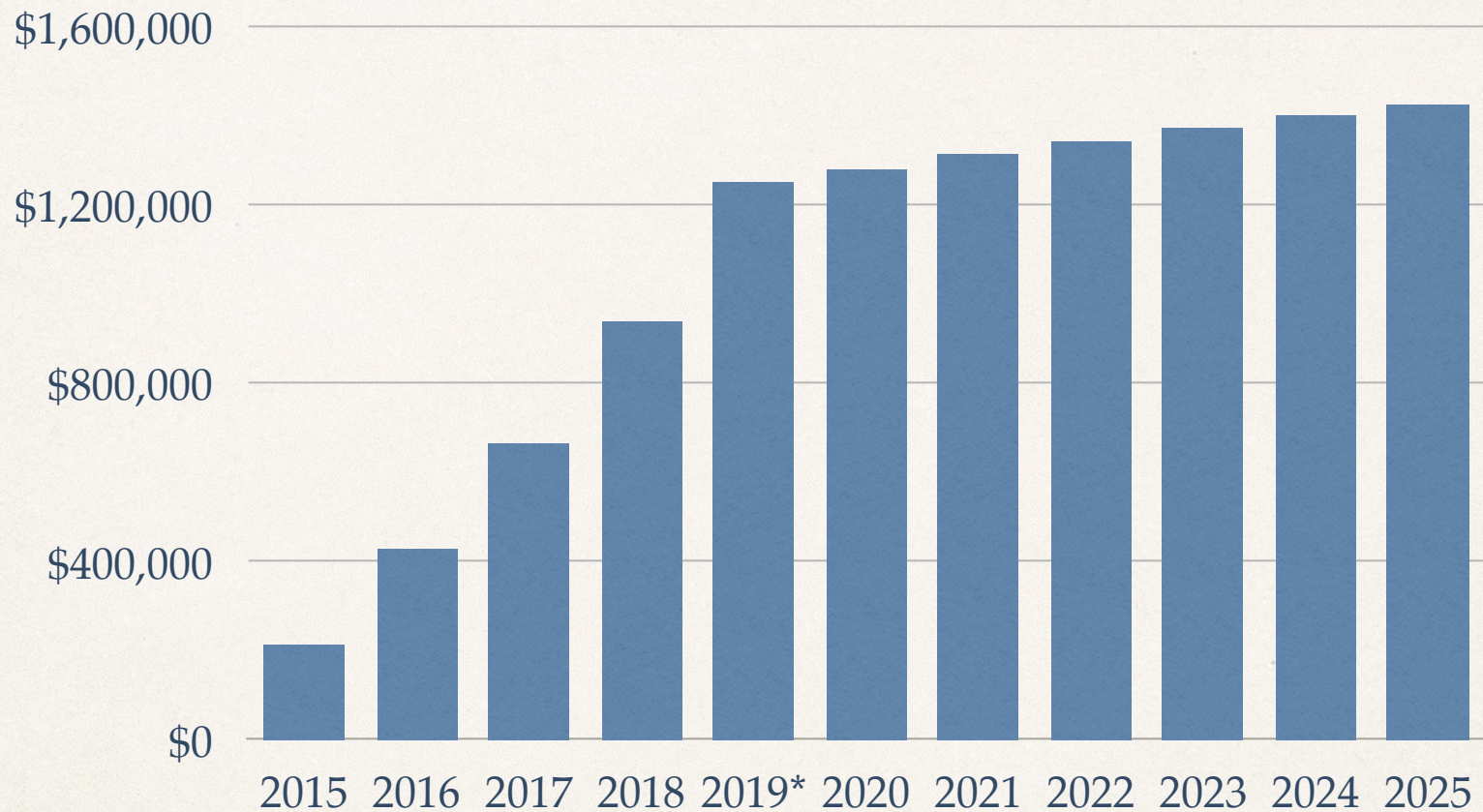
# Increment



*"It's not about that base..."*



# TIF Annual Revenue Projections



■ Annual Revenue

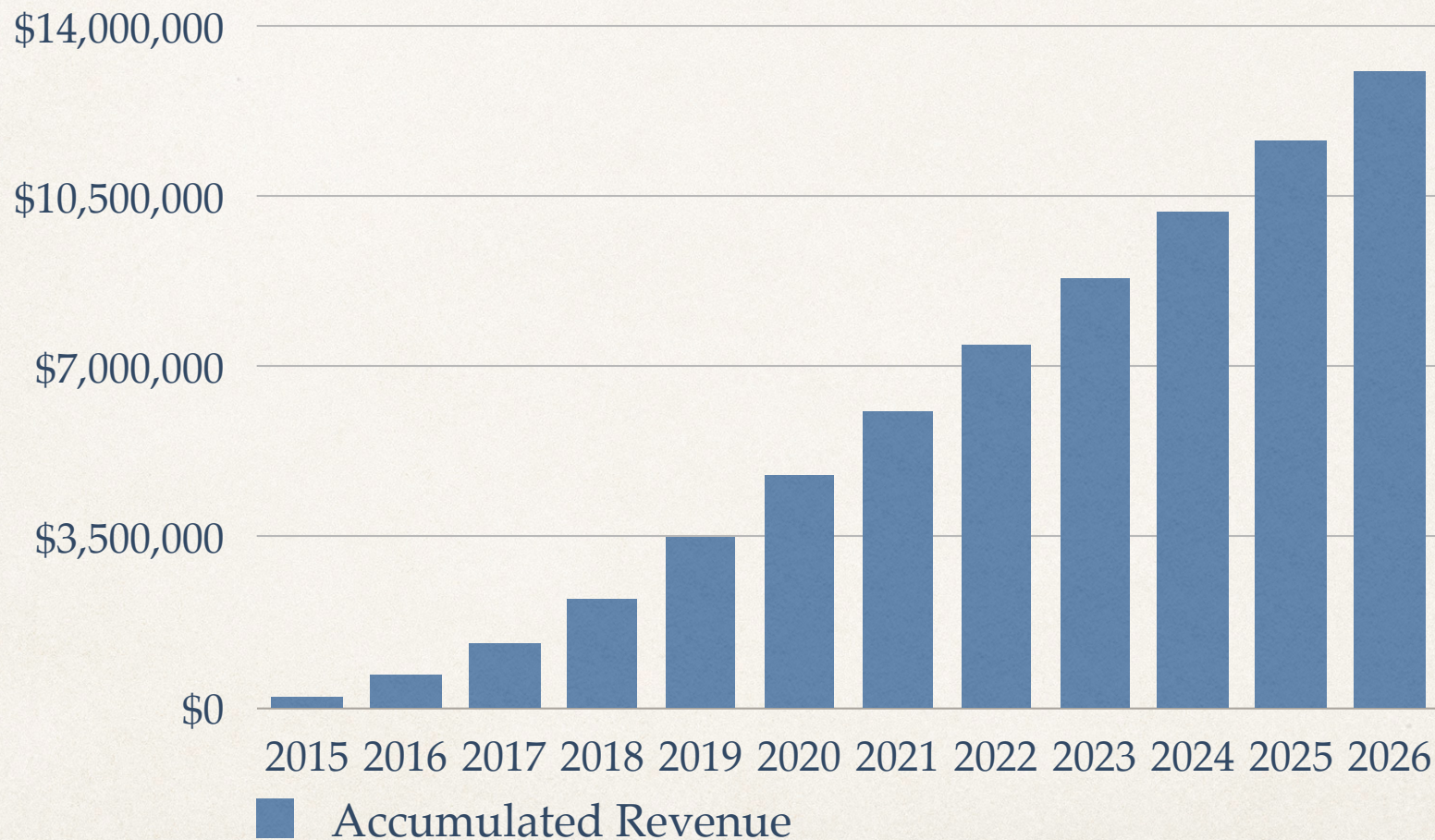
\* No Ag growth was projected past 2019

- Owner-Occupied growth was factored at 2.5%, 50/50 - reappraisal / new construction
- Although expected, no large commercial growth projects were considered
- Keystone XL Pipeline was not considered (projected \$3.8 million annual tax revenue)



# Projected TIF Lifespan

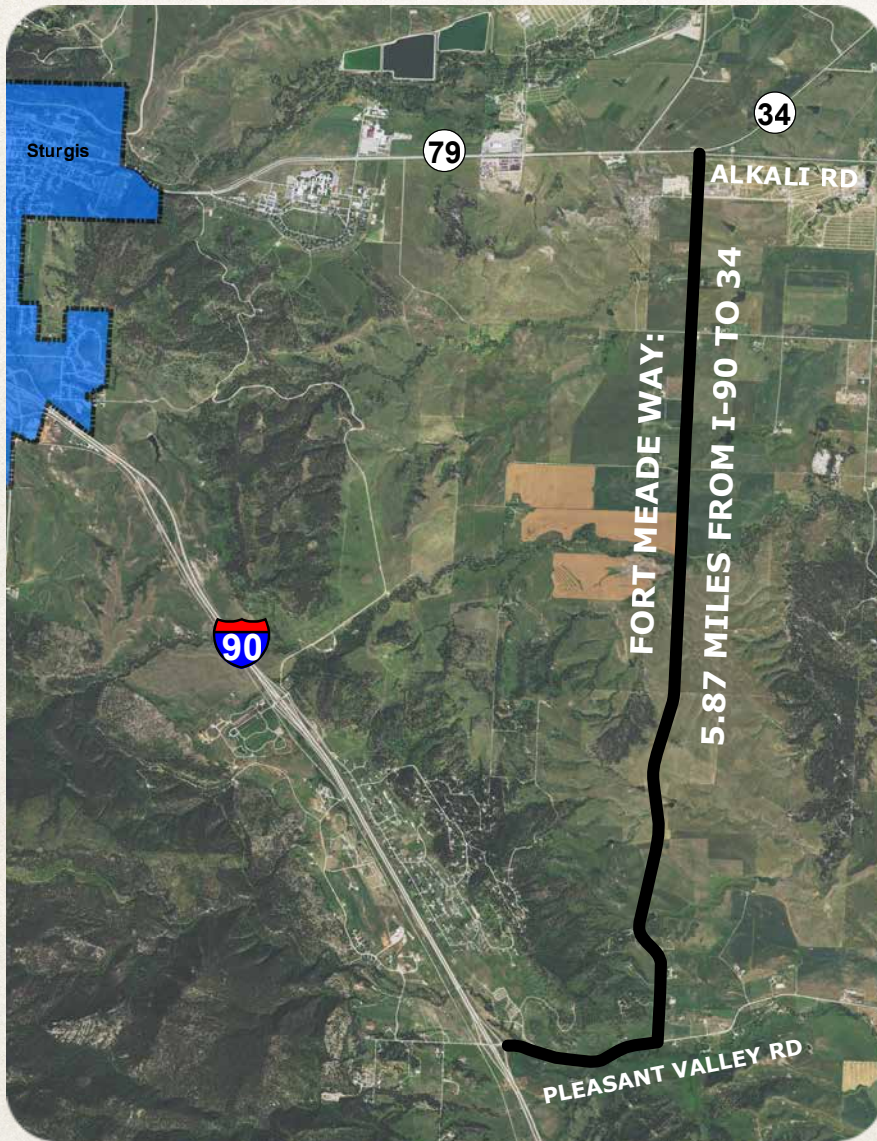
**\$13,078,018.92** generated by 2026  
(11 years)



★ These figures were calculated using very conservative numbers



# Fort Meade Way



The Engineer's Estimate (current as of 01/28/15) for the **5.87 mile** project from I-90 to Alkali Road (Hwy 34) contains three options:

1. 4" Asphalt Surface, 12" Agg.  
Base - **\$8,574,763.00**
2. Double Asphalt Surface, 12"  
Base - **\$6,863,355.00**
3. 6" Gravel - **\$5,318,359.00**

\* Estimates do not include purchase of right-of-way, nor cost of financing - if the project is financed



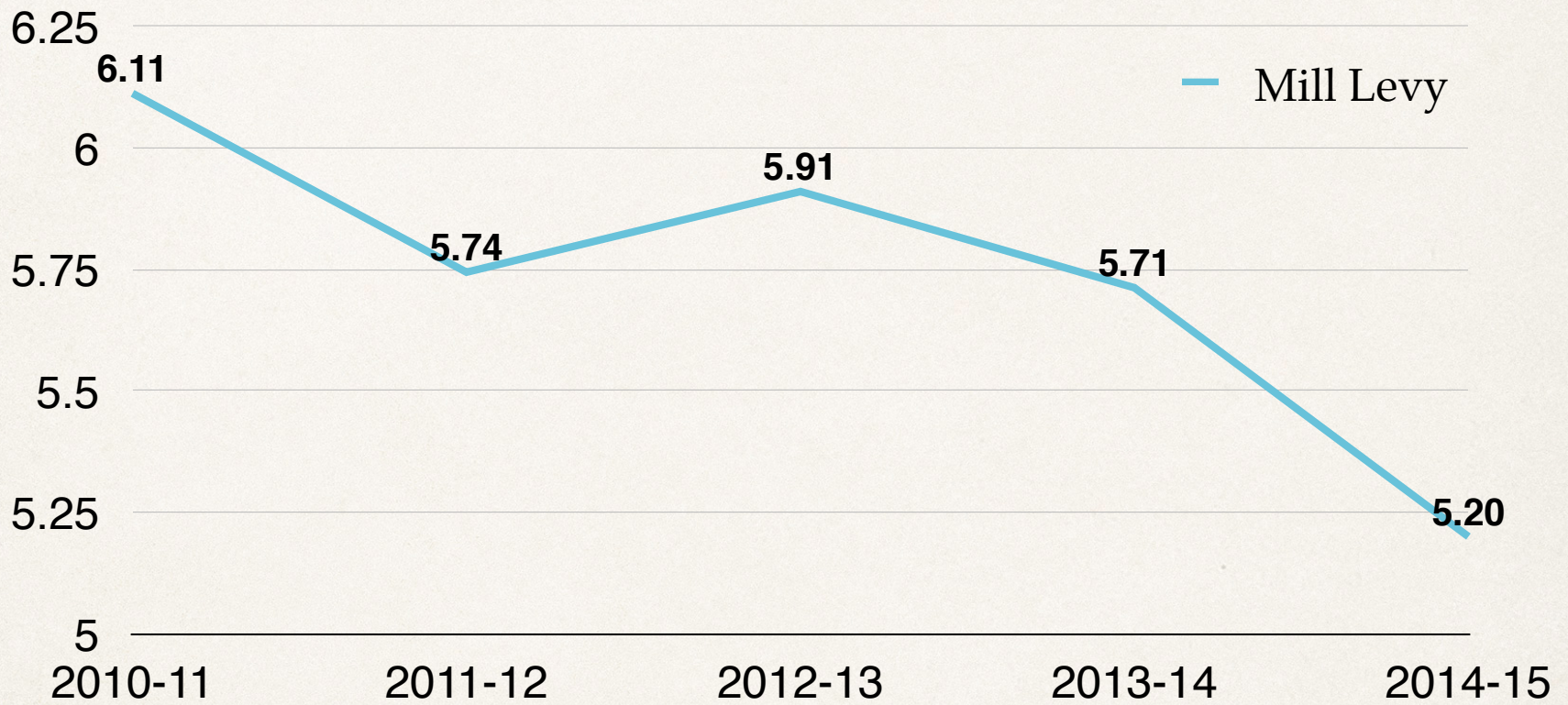
# Why Build Fort Meade Way?

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- Alternate route for law enforcement and emergency services
- Secondary access for the 12,800 veterans served by Fort Meade, as well as its 700+ employees
- Improved access to tourism resources, such as Ft. Meade Recreation Area, the Cavalry Museum, Bear Butte State Park, and Motorcycle Rally venues
- Relief for heavy truck traffic on Lazelle Street in Sturgis
- Potential economic growth and job creation, which positively impacts tax base

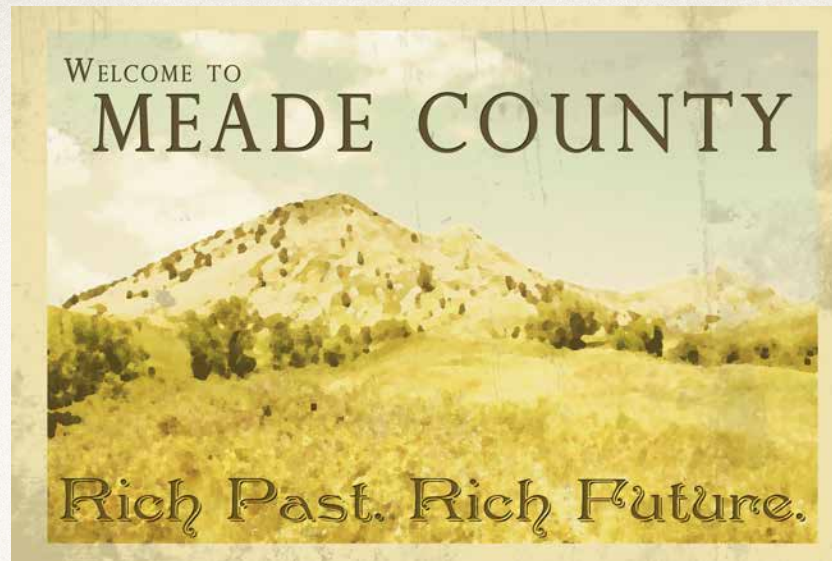


# County Mill Levy History



- The Commission has a four year history of decreasing spending and collecting fewer tax dollars
- The Commission is taxing \$1 million less than permitted by Department of Revenue





Meade County

... working for you

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