Community Reinvestment Agency Policies

The San Juan County Reinvestment Agency ("Agency") has been created to increase economic development and activity within the community it serves. The Agency has the ability to negotiate tax increment interlocal agreements with other local taxing entities and use that deferred tax increment to assist private entities in moving projects forward to full development. The Agency desires to outline certain policies regarding:

- ➢ What projects will be considered for tax increment participation
- ➢ What types of uses of funds the Agency will consider for reimbursement
- ➢ The general terms and conditions of any tax increment agreement with a private entity
- ➢ The procedures to apply or request participation from the Agency

Types of Projects

The Agency will consider the use of tax increment for projects that add new jobs to the San Juan County, increase the net direct benefit to the San Juan County, or that otherwise adds economic value to the San Juan County.

Uses of Funds

The Agency will primarily focus on using funds to reimburse development for infrastructure related costs such as any public or private utilities or upgrades, reasonable civil costs, or other "horizontal" infrastructure needed for a project to fully develop. The Agency has no funds other than those generated as new development adds incremental taxable value so all funding from the Agency will be on a post-performance basis.

General Terms of Tax Increment Agreements

Any participation agreement between the Agency and a private party will be on a reimbursement basis. The Agency will consider tax increment participation at no more than 75% for a maximum of 20 years. Most agreements will be shorter and at a length that, based upon the Agencies analysis, reasonable recoups the cost of infrastructure to the private entity. The developer will be required to pay property tax each year in November. Agency funds will then be available in March of the following year for disbursement. The Agency will prepare all agreements required by statute between or among taxing entities or private parties. The Agency may require at its discretion that private entities provide performance reports on a periodic basis to gauge the success of the development project.
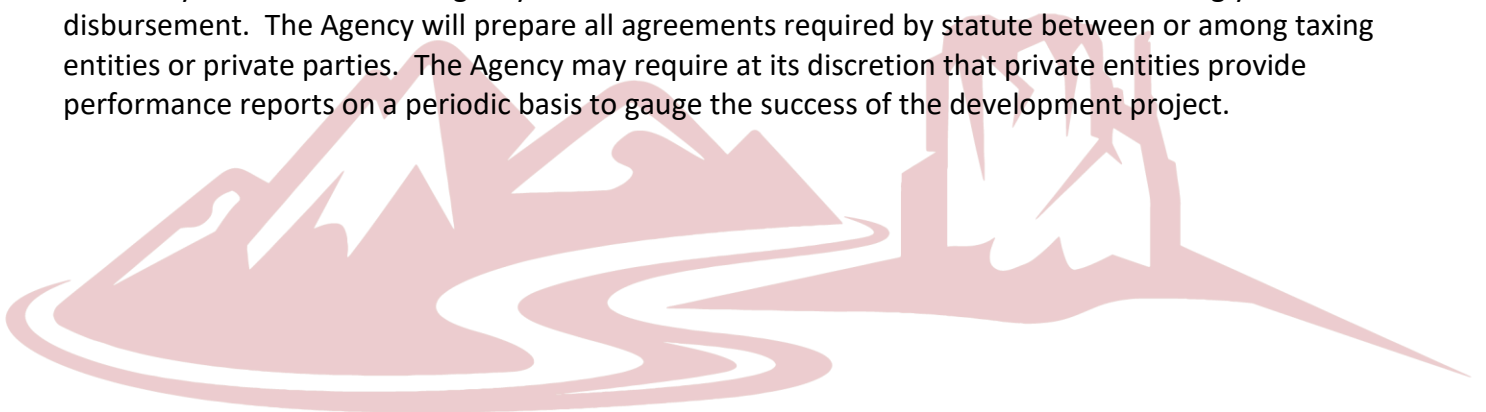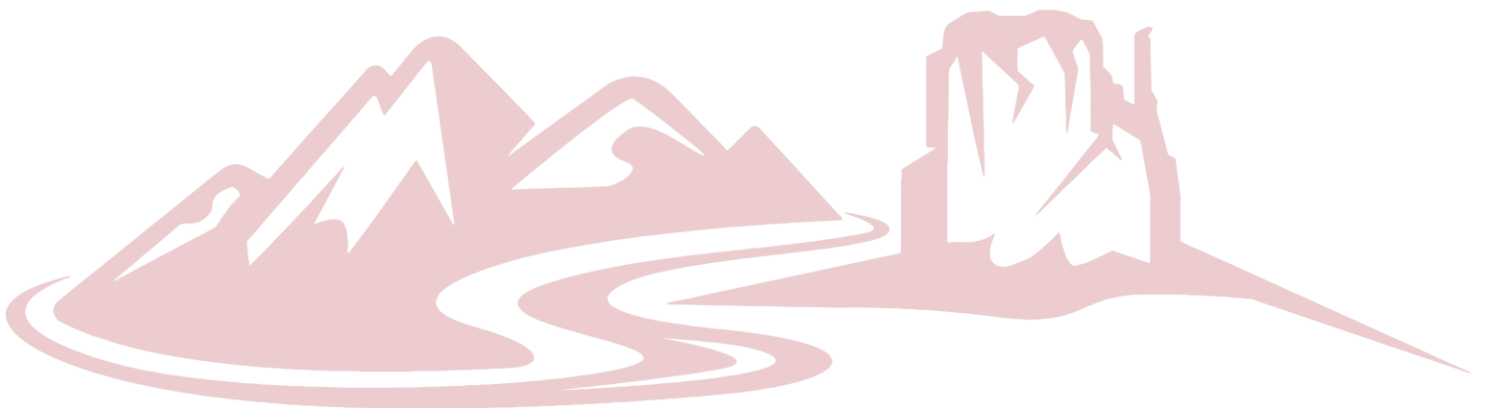
Application Process

Any private entity desiring the Agency to consider tax increment participation should send a formal request in writing to the San Juan County Economic Development Office with the following minimum information:

➢ Summary of the development project including location, purpose, goals, market segment, and other general overviews of the project

➢ Total private investment in the project including a high-level breakdown of costs and timing of those costs and the sources and uses of funds to complete the project. This should include equity, debt, and other financing vehicles and revenue projections.

➢ Summary of infrastructure that would qualify for reimbursement by the Agency

➢ Estimate of job creation, economic activity or other community benefit from the project

➢ Other information that would allow the Agency to understand the project and make an informed decision

Once the application is received, the Agency will prepare a preliminary analysis of the potential tax increment generated by the project and the potential reimbursement that could be offered to the private entity. The Agency will then meet with the private entity and make a plan to move forward which can include a full presentation to the Agency Board and moving toward a final agreement.

Example of CRA Tax Flow

The following is a graphical representation of an example of how tax increment flows in a CRA. When a CRA Project Area is created, the current value of the property is locked in as the base year value. All current taxing entities receive taxes for the length of the Project Area from this base amount (20 years in this example). When new value is added to the tax rolls, a portion (75% in this example) will flow to the CRA to be available for Development Reimbursement. The remainder (25% in this example) will flow through to the current taxing entities. At the end of the term of the Project Area (20 years in this example), the taxes for the entire project will flow to the taxing entities.

CRA Tax Example

- 25% of New Taxes - Flow to Current Taxing Entities
- 75% of New Taxes - Flow to CRA for Development Reimbursement
- Base Year Taxes - Flow to Current Taxing Entities