



**AMENDED
TAX INCREMENT FINANCING PLAN**

SECTION 12(1): DISTRICT TAX LAW

“An authority with the approval of the municipal governing body may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the downtown district. The tax shall not be more than 1 mill if the downtown district is in a municipality having a population of 1,000,000 or more, or not more than 2 mills if the downtown district is in a municipality having a population of less than 1,000,000. The tax shall be collected by the municipality creating the authority levying the tax. The municipality shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the treasurer of the authority and credited to the general fund of the authority for purposes of the authority.”

The Authority and the City Council are reviewing a proposal to levy an ad valorem tax within the District in an amount not more than 2 mills. Current discussions are looking at a millage of 0.5 mills to help offset approximately 50% of the ever increasing maintenance, repair and replacement costs of the many public facilities, streetscapes, parks, sidewalks, walkways, landscaping, trees, irrigation, decorative lighting and other public improvements along the entire Main Street corridor within the DDA District.

SECTION 14(1): TAX INCREMENT FINANCING

“A detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, the duration of the program, and a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions.”

Tax increment financing (TIF) is a governmental financing program that contributes to economic growth and development by dedicating a portion of the tax base resulting from economic growth and development to certain public facilities and structures or improvements of the type designed and dedicated to public use. This financing mechanism facilitates certain projects that create economic growth and development.

For this Tax Increment Financing Plan, the DDA adopts by reference and incorporates into this TIF Plan, the contents of the Development Plan as presented in the first section of this Plan and recommended by the DDA and adopted by the City Council in September 2006.

A number of potential funding sources are available to the DDA. The levying of a separate ad valorem tax within the District has not as of this date been utilized, while the Tax Increment Financing (TIF) procedure option is described below:

A. Tax Increment Procedure

TIF is a method of funding public investments in an area slated for (re)development by capturing, for a time, all or a portion of the increased tax revenue that may result if the (re)development stimulates private investment. The concept of tax increment financing is applied only to the DDA District for which a development plan has been prepared by the DDA and adopted by the community's legislative body.

P.A. 197 of 1975, as amended, includes all increases in valuation resulting from the development plan whether in fact these increases bear any relation or not to the development. Tax increment revenues

for the DDA result in the application of general tax rates of the community and all other governmental bodies levying taxes in the DDA District. These include the City, County, Library, etc. The amount to be transmitted to the DDA is that portion of the tax levy of all of these applicable taxing bodies paid each year on real and personal property.

- B. “Captured Value” means the amount in any one year by which the current taxable value of the district, including the value of property for which specific local taxes are paid in lieu of property taxes (tax abatement / IFT roll), exceeds the initial value. “Initial value” means the taxable value of all the property within the boundaries of the district at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality at the time the ordinance is adopted. Property for which an industrial facilities tax (IFT) exemption certificate or a commercial housing facilities exemption certificate is in effect shall not be considered to be property which is exempt from taxation. Tax dollars accruing from any incremental increase in taxable value above the initial value (base year total) may then be used by the DDA. Data presented in Table 3 reveals the anticipated capture on the taxable value for the City of Fremont’s DDA District through the Year 2026, and provides a disbursement cycle. The base year taxable value for the Development District is \$31,553,325.

C. Total Potential Revenue

The total potential TIF revenue available to the DDA from captured taxable value is displayed in Table 3. By the end of the planning period, it is estimated that approximately \$2,933,750 to fund projects identified in this amended Development Plan could be collected by the DDA and used for making public improvements within the DDA District.

A breakdown showing the components of Fremont’s millage rate is provided in Table 4. As outstanding debt obligations incurred prior to “Proposal A” expire in 2007, all school related millages will drop from the Capturable total leaving approximately 22.7948 mills to be collected by the DDA from only the City, District Library and Newaygo County millages.

D. Bonded Indebtedness to be Incurred

Certain State and Federal loans, loan guarantees and grants will be sought for carrying out this TIF Plan including the Development Plan. All bonding methods employed by the DDA are subject to the provisions of the Development Plan. The Development Plan of this TIF Plan can be financed through the authorization, issuance and sale of revenue bonds, general obligation bonds, capital bonds or tax increment bonds. A bond issue in aggregate amount not to exceed two million dollars may be utilized to accelerate certain provisions of this Development Plan. Types of bonds to be issued in accomplishing this plan will be determined after further project planning is undertaken.

The amount of indebtedness or indebtedness to be incurred by the DDA for all bond issues or loans including payments of capitalized interest, principal and required reserves shall be determined by the DDA, subject to approval by the City Council.

E. Tax Increment Revenue

The following Tables 2, 3 and 4 project the estimate of capturable taxable values, the anticipated available revenue stream and disbursement cycle, and the potential revenue reallocation from the various taxing units. In recent years, the amount of tax capture has been restricted by agreement to minimal operating expenses and the annual principle and interest requirements to satisfy outstanding bond obligations.

Following is a summary of the bond obligations, both paid and obligated for future payment, since 2001. The last of the three original DDA TIF bond issues were paid off in 2001. The Building

Authority bonds sold in 1992 for the Municipal Building (Police, Fire & Admin.) and paid for out of DDA TIF captures will be paid off in June 2007.

Principal, Interest and Bank Admin Fees:

<u>Fiscal Year</u>	<u>DDA Bonds</u>	<u>Building Auth. Bonds</u>	<u>Annual Debt Svc.</u>
2001	\$106,400	\$241,500	\$347,900
2002		231,700	231,700
2003		221,638	221,638
2004		211,576	211,576
2005		201,512	201,512
2006		216,450	216,450
2007		208,450	208,450
2008		0	0

Totals:	\$106,400	\$1,530,126	\$1,636,526

F. Downtown Development Authority Annual Budget

The DDA proposes to capture only an amount necessary to retire outstanding bonds, implement the development projects and cover all or part of the operating, maintenance, administrative or other costs as detailed in the preceding Development Plan. In recent years, approximately one third of the projected revenue was captured to accomplish the DDA’s mission. With the retirement of the 1991 DDA bonds in 2001, and the 1992 Building Authority bonds in 2007, the DDA will be in position to move aggressively to implement this amended Development Plan.

An annual DDA budget will highlight and prioritize projects. This annual budget will detail all operational and administrative expenses and fund development projects in priority as determined by the DDA Board. The City Council shall authorize and approve of all DDA expenditures, by adoption of the annual DDA budget.

Table 2
ESTIMATE OF CAPTURABLE TAXABLE VALUE
CITY OF FREMONT DDA
2000 – 2026

Tax Year	Prior Year Taxable Value ⁽¹⁾	Net Change Taxable Value ⁽²⁾	December 31 Taxable Value ⁽³⁾	Capturable Taxable Value ⁽⁴⁾
Base Year 1986 ⁽⁵⁾			\$31,553,325	
2000	51,209,889	1,089,139	52,299,028	\$20,745,703
2001	52,299,028	6,267,026	58,566,054	\$27,012,729
2002	58,566,054	2,059,675	60,625,729	\$29,072,404
2003	60,625,729	8,137,918	68,763,647	\$37,210,322
2004	68,763,647	2,529,137	71,292,784	\$39,739,459
2005	71,292,784	-3,004,693	68,288,091	\$36,734,766
2006	68,288,091	-1,862,549	66,425,542	\$34,872,217
2007	66,425,542	2,990,372	69,415,914	\$37,862,589
2008	69,415,914	3,124,994	72,540,908	\$40,987,583
2009	72,540,908	3,265,676	75,806,584	\$44,253,259
2010	75,806,584	3,412,692	79,219,276	\$47,665,951
2011	79,219,276	3,566,326	82,785,602	\$51,232,277
2012	82,785,602	3,726,876	86,512,478	\$54,959,153
2013	86,512,478	3,894,654	90,407,132	\$58,853,807
2014	90,407,132	4,069,985	94,477,117	\$62,923,792
2015	94,477,117	4,253,209	98,730,327	\$67,177,002
2016	98,730,327	4,444,682	103,175,009	\$71,621,684
2017	103,175,009	4,644,775	107,819,783	\$76,266,458
2018	107,819,783	4,853,875	112,673,658	\$81,120,333
2019	112,673,658	5,072,389	117,746,047	\$86,192,722
2020	117,746,047	5,300,740	123,046,787	\$91,493,462
2021	123,046,787	5,539,371	128,586,157	\$97,032,832
2022	128,586,157	5,788,744	134,374,902	\$102,821,577
2023	134,374,902	6,049,344	140,424,246	\$108,870,921
2024	140,424,246	6,321,676	146,745,922	\$115,192,597
2025	146,745,922	6,606,268	153,352,190	\$121,798,865
2026	153,352,190	6,903,671	160,255,861	\$128,702,536

1. Represents actual DDA District Taxable Value (TV) for years 2000 – 2006 and estimated DDA District TV for years 2007 – 2026.
2. Estimated net change (increase) from new construction, building expansion and inflationary increases (projected at 4.5 percent annually.)
3. Represents the sum of columns “Prior Year TV” and “Net Change TV.”
4. Represents the difference between column “12/31 TV” and original base value of \$31,553,325.
5. Base Year 1986 SEV as stated in the Fremont DDA 2000 Tax Capture Report.

***Approximately 30% of capturable revenues have been collected in recent years to retire outstanding debt.*

Table 3
ESTIMATE OF AVAILABLE REVENUE STREAM
CITY OF FREMONT DDA
2000 – 2026

Tax Year	Capturable Taxable Values **	Available Tax Increment Revenues	Disbursement Cycle
2000	20,745,703	1,093,081	2000-2001
2001	27,012,729	1,328,992	2001-2002
2002	29,072,404	1,495,596	2002-2003
2003	37,210,322	1,717,701	2003-2004
2004	39,739,459	1,824,175	2004-2005
2005	36,734,766	1,711,399	2005-2006
2006	34,872,217	1,668,082	2006-2007
2007	37,862,589	646,408	2007-2008
2008	40,987,583	699,761	2008-2009
2009	44,253,259	755,514	2009-2010
2010	47,665,951	813,777	2010-2011
2011	51,232,277	874,663	2011-2012
2012	54,959,153	938,290	2012-2013
2013	58,853,807	1,004,782	2013-2014
2014	62,923,792	1,074,266	2014-2015
2015	67,177,002	1,146,879	2015-2016
2016	71,621,684	1,222,761	2016-2017
2017	76,266,458	1,302,059	2017-2018
2018	81,120,333	1,384,927	2018-2019
2019	86,192,722	1,471,525	2019-2020
2020	91,493,462	1,562,022	2020-2021
2021	97,032,832	1,656,593	2021-2022
2022	102,821,577	1,755,421	2022-2023
2023	108,870,921	1,858,699	2023-2024
2024	115,192,597	1,966,626	2024-2025
2025	121,798,865	2,079,411	2025-2026
2026	128,702,536	2,197,274	2026-2027
Total TIF Revenue		\$37,250,684	

1. Refer to the Table 1: Estimate of Capturable Taxable Value.
2. Data from last column of Table 1.
3. Represents “Capturable Taxable Value” column values multiplied by the apportionment of actual mills through 2006 and 22.7948 mills for years thereafter (non-school captures.)
4. Fiscal Period during which funds will become available for expenditures.

***Approximately 30% of capturable revenues have been collected in recent years to retire outstanding debt.*

Table 4
AVAILABLE REVENUE REALLOCATION
BY TAXING JURISDICTION
CITY OF FREMONT DDA
2000 – 2026

Year	Capturable Taxable Values**	City Operational	Fremont District Library	Newaygo County	Public Schools Operational	Public Schools Debt	NC-RESA	State of Michigan SET	Total Millage*
		14	1.4866	7.3082	18	7	5.9534	6	59.7482*
2000	20,745,703	290,440	30,841	151,614	373,423	145,220	123,507	124,474	1,239,518
2001	27,012,729	378,178	40,157	197,414	486,229	189,089	160,818	162,076	1,613,962
2002	29,072,404	407,014	43,219	212,467	523,303	203,507	173,080	174,434	1,737,024
2003	37,210,322	520,945	55,317	271,940	669,786	260,472	221,528	223,262	2,223,250
2004	39,739,459	556,352	59,077	290,424	715,310	278,176	236,585	238,437	2,374,361
2005	36,734,766	514,287	54,610	268,465	661,226	257,143	218,697	220,409	2,194,836
2006	34,872,217	488,211	51,841	254,853	627,700	244,106	207,608	209,233	2,083,552
2007	37,862,589	530,076	56,287	276,707					863,070
2008	40,987,583	573,826	60,932	299,545					934,304
2009	44,253,259	619,546	65,787	323,412					1,008,744
2010	47,665,951	667,323	70,860	348,352					1,086,536
2011	51,232,277	717,252	76,162	374,416					1,167,830
2012	54,959,153	769,428	81,702	401,652					1,252,783
2013	58,853,807	823,953	87,492	430,115					1,341,561
2014	62,923,792	880,933	93,543	459,860					1,434,335
2015	67,177,002	940,478	99,865	490,943					1,531,286
2016	71,621,684	1,002,704	106,473	523,426					1,632,602
2017	76,266,458	1,067,730	113,378	557,371					1,738,479
2018	81,120,333	1,135,685	120,593	592,844					1,849,122
2019	86,192,722	1,206,698	128,134	629,914					1,964,746
2020	91,493,462	1,280,908	136,014	668,653					2,085,575
2021	97,032,832	1,358,460	144,249	709,135					2,211,844
2022	102,821,577	1,439,502	152,855	751,441					2,343,797
2023	108,870,921	1,524,193	161,848	795,650					2,481,691
2024	115,192,597	1,612,696	171,245	841,851					2,625,792
2025	121,798,865	1,705,184	181,066	890,130					2,776,381
2026	128,702,536	1,801,836	191,329	940,584					2,933,749
Totals		24,813,838	2,634,875	12,953,178	4,056,977	1,577,713	1,341,823	1,352,326	48,730,729

* Years 2000-2006 based on actual Millage levied. Years 2007-2026 based on estimated Millage levied.

** *Approximately 30% of capturable revenues have been collected in recent years (thru 2006) to cover primarily outstanding debt.*