

# MEMO

**DATE:** June 19, 2009

**TO:** Fiscalization of Land Use Subcommittee

**FROM:** Peter Brandenburg, Senior Regional Planner, (213)236-1937, [brandenburg@scag.ca.gov](mailto:brandenburg@scag.ca.gov)  
Jason Teske, Assistant Regional Planner, (213)236-1908, [teske@scag.ca.gov](mailto:teske@scag.ca.gov)

**SUBJECT:** Conceptual Framework for Local Government Finance Reform

---

Based on direction from the subcommittee, staff has developed a conceptual framework for local government finance reform. The goals of the framework are to provide more balanced and stable revenue for cities and counties; provide more balanced land use, zoning and development; and reduce the extreme reliance and competition for sales tax revenue. It may also provide local governments incentives for planning consistent with Sustainable Communities Strategies developed under the S.B. 375 process.

The conceptual framework includes two components: a sales tax-for-property tax swap and sales tax revenue sharing. The components are designed to work in tandem but either could stand alone. We have developed a formula that is intended to further policy goals and to balance and minimize "winners and losers," and incentivize different types of jurisdictions to support and/or participate in the program.

This could be a voluntary "opt-in" program or mandatory. It could be proposed on a regional basis or statewide. To date, we have not focused on the legal or political challenges that will likely be significant. Some of these challenges are summarized in the agenda memo from the March 27 subcommittee meeting. Implementing any version of the conceptual framework may require state legislation and components may need to be put to the voters. Past initiatives like Proposition 57 (2004), the "Sales Tax Triple Flip" and Prop 1A (2004), especially, complicate pursuing reform at the state level.

The focus here on a sales tax-for-property tax swap and sales tax revenue sharing framework is at the request of the subcommittee and does not reflect a conclusion that this approach will best meet local government and regional policy goals. This conceptual framework and others, including "prospective-per-capita," "split-roll," "reduce-and-broaden," etc. still need substantial expert analysis to model fiscal impacts and build the necessary political consensus.

## Sales Tax-for-Property Tax Swap

To reduce reliance on sales tax revenue and minimize pressures to "fiscalize" land use decisions, local jurisdictions would be allowed or required, in the first year, to "swap" a quarter (25%) of their retained sales tax revenue back to the county in return for an equal dollar amount of property tax revenue. Swapping more than 25% would provide more policy benefit but would impose more severe fiscal impacts and attendant political challenges. In following years, jurisdictions' shares of property and sales tax revenues would be indexed to increases/decreases in net assessed property value and taxable sales, respectively.

# MEMO

Research into past “swap” proposals in the state (AB 1221, FRESH, etc.) suggests that a “subsidy” will be required to encourage support and participation from cities that have already planned for significant growth in retail tax revenue (e.g. a new shopping mall.) The subsidy would buffer against the loss of anticipated sales tax revenue but would be phased out after five years as cities and counties coordinate and adjust their fiscal and land use planning. For this framework, we estimate a total subsidy of \$100 - \$300 million per year, depending on the scope and scale of the program, provided by the state or other source such as increased revenue from a split-roll property tax. While it would improve the local and regional viability of the framework, the subsidy would likely impact the state budget and/or require state legislation that might not be necessary for an un-subsidized program.

This subsidy will be important for cities anticipating significant new retail development within redevelopment areas, where property tax revenue growth would accrue to the redevelopment agency, not the city general fund. However, the swap program could also be formulated to direct the new “swapped” increment of property tax revenue to a city’s general fund rather than to its redevelopment agency, without negatively impacting redevelopment agencies revenue projections and receipts.

The subsidy will be especially important for “contract cities,” cities incorporated after 1979 and other jurisdictions that receive relatively small shares of property tax revenue and that tend to rely heavily on sales tax revenue. Under the AB 8 (1979) formula, local property tax shares vary widely among jurisdictions and depend on the pre-1979 tax rates of the county, city, special districts, and schools that served a particular area. Cities that provided fewer services or had low property tax rates in the 1970s likely now receive very low shares of property tax revenue, that contributes to the fiscalization of land use decisions. In fact, an additional subsidy, for cities with very low property tax shares, may be necessary to encourage their support and participation.

## **How the Tax Swap would work**

- 1) In year one (baseline year,) cities swap 25% of their sales tax revenue (actual revenue that year or a 3 or more year average) for an equal amount (dollar-for-dollar) of property tax revenue from their respective county. Baseline year will be revenue neutral for local and county governments.
- 2) Each year after the baseline year, cities receive the share of property tax revenue they received the prior year, indexed to the growth rate in net assessed value (NAV) within their jurisdiction.
- 3) The year after the baseline year (year two), a subsidy is provided to the cities equal to 5% of each jurisdiction’s “pre-swap” sales tax, and provides this subsidy for 5 years.
- 4) Cities with property tax shares under 7% of NAV may receive an additional subsidy.
- 5) The increase in property tax increment due to the swap is directed to the city’s general fund instead of the redevelopment agency.
- 6) If this is a voluntary “opt-in” program, all jurisdictions will have an opportunity to opt-in or opt-out after a certain number of years (“open enrollment.”)

# MEMO

## Scenario for a Hypothetical City\*:

- Pre-swap, city would have received \$16 million in sales tax revenue in baseline year.
- Pre-swap, city would have received \$4 million in property tax revenue in baseline year.
- After swap, the city's property tax revenue becomes \$8 million in the baseline year. (\$16 million of sales tax revenue x 25% equals \$4 million, plus the \$4 million of property tax revenue equals \$8 million).
- The city would retain \$12 million sales tax revenue after the 25% swap.
- *Since the state adds a 5% subsidy to the city's sales tax revenue prior to the swap, the city will have a \$800,000 subsidy annually, in years 2-6. (\$16 million x 5% equals \$800,000)*
- Sales tax and property tax revenues in out years are subject to changes in taxable sales and NAV, respectively.

\* See appendix for more detailed scenarios of different hypothetical cities.

## Sales Tax Revenue Sharing

The second component of this conceptual framework for local finance reform would pool a portion of cities' sales tax revenue and re-allocate it back to participating jurisdictions by some method other than the current situs-based formula. This could help reduce the competition among cities for an essentially limited supply of commercial development. Sales tax revenue sharing could be a stand-alone program or be adopted in conjunction with the sales tax-for-property tax component discussed above.

Research into revenue sharing in California and the rest of the country has yielded few examples of successful regional-scale revenue sharing arrangements. Several examples and basic discussion of the concept were presented at each of the previous subcommittee meetings (January, 2009 and March, 2009.)

Other examples include programs in the Denver Metro area, Montgomery County, Ohio, Allegheny County, Pennsylvania and St. Louis County, Missouri. Brief descriptions of these programs are included in the Appendix.

Perhaps the most relevant example is AB 680 (2002), a revenue sharing bill designed to reduce the fiscalization of land use and encourage more efficient land use in the six-county Greater Sacramento region. This effort was unsuccessful and was met with strong opposition from many cities and organizations within and outside the Sacramento region. Many cities were concerned with losing control of local finances and viewed the proposal as a state mandate that had not undergone the necessary consensus-building.

To respect local control and minimize impacts to local finances in the short term, this framework proposes pooling only 10% of sales tax revenue.

Assuming political barriers can be overcome, it will be important to consider how pooled revenue will be allocated back to participating jurisdictions. Some policy benefit can be gained from a simple reallocation formula such as a per capita basis. More benefit may be realized from more creative re-allocation schemes that could further stabilize local revenue streams, incentivize land use changes consistent with S.B. 375 Sustainable Communities Strategies (SCS) or focus on other policy goals. For example, pooled funds could be allocated on a competitive basis to cities with projects and plans that encourage economic development and job creation or that implement S.B. 375 Sustainable Communities Strategies (SCS). Note, however, that

# MEMO

such targeted allocation methods will generate opposition if they are seen as limiting cities' ability to fund basic services.

## How Revenue Sharing would work

1. Cities voluntarily pool 10% of sales tax revenue. Program could be phased in and percentage of revenue pooled increased over time.
2. Potential Revenue Re-allocation methods. These could be used in combination, e.g. 50% of pooled revenue distributed on per-capita basis, 25% for economic development, 25% for SCS implementation.
  - Per-capita – Cities receive an allocation from the pool proportional to their share of the total population of all participating jurisdictions.
  - Economic development incentives – Cities receive an allocation tied to efforts to improve the regional economy. This would require some sort of review commission to determine eligibility and make allocations.
  - S.B. 375 SCS implementation incentives – Cities receive an allocation tied to efforts to reduce regional greenhouse gas emissions and implement Sustainable Communities Strategies. This would require some sort of review commission to determine eligibility and make allocations.

# MEMO

## APPENDIX: Fiscal Impact Scenarios for Hypothetical Cities under Sales Tax for Property Tax Revenue Swap and Examples of Regional Revenue Sharing Arrangements

There are significant differences in how cities generate revenue. Some have a large disparity between sales tax revenue and property tax revenue. There is also a tendency for such cities to have a significant amount of land in redevelopment. If sales tax revenue is projected to grow faster than property tax revenue, cities with a high ratio of sales tax to property tax revenue, and significant land in redevelopment, are the most dramatically impacted by the tax swap. A subsidy and directing the swapped amount of property tax increment to the city general fund will be important incentives for these cities.

The matrix below summarizes the tax swap's fiscal impacts over five years under eight different revenue scenarios for three different types of cities. The following pages provide a detailed breakdown of each of these 24 scenarios.

### Fiscal Impact Scenarios Summary

Sales & property tax revenue growth rates	High Sales Tax Revenue City \$16 mil. sales tax revenue, \$4 mil. property tax revenue, 50% of land in RDA, \$800,000 annual subsidy (\$16,000,000 x 5%)	Balanced Tax Revenue City \$10 mil. sales tax revenue, \$10 mil. property tax revenue, 25% of land in RDA, \$500,000 annual subsidy (\$10,000,000 x 5%)	High Property Tax Revenue City \$4 mil. sales tax revenue, \$16 mil. property tax revenue, 5% of land in RDA, \$200,000 annual subsidy (\$4,000,000 x 5%)
No Subsidy 8% Sales 4% Property	\$-2,811,814	\$-1,757,384	\$-702,954
5% Subsidy 8% Sales 4% Property	\$1,188,186	\$742,616	\$297,046
No Subsidy 6% Sales 4% Property	\$-1,369,372	\$-855,858	\$-342,343
5% Subsidy 6% Sales 4% Property	\$2,630,628	\$1,644,142	\$657,657
No Subsidy 4% Sales 4% Property	Revenue Neutral	Revenue Neutral	Revenue Neutral
5% Subsidy 4% Sales 4% Property	\$4,000,000	\$2,500,000	\$1,000,000
No Subsidy 4% Sales 6% Property	\$1,369,372	\$855,858	\$342,343
5% Subsidy 4% Sales 6% Property	\$5,369,372	\$3,355,858	\$1,342,343

# MEMO

## High Sales Tax City - Status Quo vs. Swap (No Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA,  
 8% sales tax growth, 4% property tax growth  
 City General Fund gains a total of \$433,306 in additional tax increment revenue  
 City loses a total of \$2,811,814 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	17,280,000	18,662,400	20,155,392	21,767,823	93,865,615
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	1,280,000	1,382,400	1,492,992	1,612,431	1,741,426	7,509,249
Property Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Loss to TI w/ 50% RDA	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>21,360,000</b>	<b>22,905,600</b>	<b>24,568,320</b>	<b>26,357,268</b>	<b>28,282,272</b>	<b>123,473,461</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,960,000	13,996,800	15,116,544	16,325,868	70,399,212
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	960,000	1,036,800	1,119,744	1,209,324	1,306,069	5,631,937
Property Revenue	8,000,000	8,320,000	8,652,800	8,998,912	9,358,868.48	43,330,580
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	320,000	332,800	346,112	359,956	374,355	1,733,223
Loss to TI w/ 50% RDA	160,000	166,400	173,056	179,978	187,177	866,612
Gain from TI after redistributing swap amount	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>21,200,000</b>	<b>22,566,400</b>	<b>24,028,928</b>	<b>25,594,747</b>	<b>27,271,571</b>	<b>120,661,646</b>
<b>Difference in Revenue</b>	<b>(160,000)</b>	<b>(339,200)</b>	<b>(539,392)</b>	<b>(762,522)</b>	<b>(1,010,701)</b>	<b>Total Gain (2,811,814)</b>

## High Sales Tax City - Status Quo vs. Swap (With Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA,  
 8% sales tax growth, 4% property tax growth, 5% Subsidy - \$800,000 annually (16,000,000 X .05),  
 Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$1,188,186 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	17,280,000	18,662,400	20,155,392	21,767,823	93,865,615
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	1,280,000	1,382,400	1,492,992	1,612,431	1,741,426	7,509,249
Property Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Loss to TI w/ 50% RDA	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>21,360,000</b>	<b>22,905,600</b>	<b>24,568,320</b>	<b>26,357,268</b>	<b>28,282,272</b>	<b>123,473,461</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,960,000	13,996,800	15,116,544	16,325,868	70,399,212
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	960,000	1,036,800	1,119,744	1,209,324	1,306,069	5,631,937
Property Revenue	8,000,000	8,320,000	8,652,800	8,998,912	9,358,868.48	43,330,580
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	320,000	332,800	346,112	359,956	374,355	1,733,223
Loss to TI w/ 50% RDA	160,000	166,400	173,056	179,978	187,177	866,612
Gain from TI after redistributing swap amount	80,000	83,200	86,528	89,989	93,589	433,306
5% Subsidy	800,000	800,000	800,000	800,000	800,000	4,000,000
<b>Total Revenue</b>	<b>22,000,000</b>	<b>23,366,400</b>	<b>24,828,928</b>	<b>26,394,747</b>	<b>28,071,571</b>	<b>124,661,646</b>
<b>Difference in Revenue</b>	<b>640,000</b>	<b>460,800</b>	<b>260,608</b>	<b>37,478</b>	<b>(210,701)</b>	<b>Total Gain 1,188,186</b>

# MEMO

## High Sales Tax City - Status Quo vs. Swap (No Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA, 6% sales tax growth, 4% property tax growth

City General Fund gains a total of \$433,306 in additional tax increment revenue

City loses a total of \$1,369,372 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	16,960,000	17,977,600	19,056,256	20,199,631	90,193,487
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	960,000	1,017,600	1,078,656	1,143,375	1,211,978	5,411,609
Property Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Loss to TI w/ 50% RDA	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>21,040,000</b>	<b>22,220,800</b>	<b>23,469,184</b>	<b>24,789,076</b>	<b>26,184,632</b>	<b>117,703,693</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,720,000	13,483,200	14,292,192	15,149,724	67,645,116
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	720,000	763,200	808,992	857,532	908,983	4,058,707
Property Revenue	8,000,000	8,320,000	8,652,800	8,998,912	9,358,868.48	43,330,580
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	320,000	332,800	346,112	359,956	374,355	1,733,223
Loss to TI w/ 50% RDA	160,000	166,400	173,056	179,978	187,177	866,612
Gain from TI after redistributing swap amount	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>20,960,000</b>	<b>22,052,800</b>	<b>23,204,576</b>	<b>24,418,603</b>	<b>25,698,341</b>	<b>116,334,320</b>
<b>Difference in Revenue</b>	<b>(80,000)</b>	<b>(168,000)</b>	<b>(264,608)</b>	<b>(370,474)</b>	<b>(486,291)</b>	<b>Total Gain (1,369,372)</b>

## High Sales Tax City - Status Quo vs. Swap (With Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA, 6% sales tax growth, 4% property tax growth, 5% Subsidy - \$800,000 annually (16,000,000 X .05),

Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$2,630,628 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	16,960,000	17,977,600	19,056,256	20,199,631	90,193,487
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	960,000	1,017,600	1,078,656	1,143,375	1,211,978	5,411,609
Property Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Loss to TI w/ 50% RDA	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>21,040,000</b>	<b>22,220,800</b>	<b>23,469,184</b>	<b>24,789,076</b>	<b>26,184,632</b>	<b>117,703,693</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,720,000	13,483,200	14,292,192	15,149,724	67,645,116
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	720,000	763,200	808,992	857,532	908,983	4,058,707
Property Revenue	8,000,000	8,320,000	8,652,800	8,998,912	9,358,868.48	43,330,580
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	320,000	332,800	346,112	359,956	374,355	1,733,223
Loss to TI w/ 50% RDA	160,000	166,400	173,056	179,978	187,177	866,612
Gain from TI after redistributing swap amount	80,000	83,200	86,528	89,989	93,589	433,306
5% Subsidy	800,000	800,000	800,000	800,000	800,000	4,000,000
<b>Total Revenue</b>	<b>21,760,000</b>	<b>22,852,800</b>	<b>24,004,576</b>	<b>25,218,603</b>	<b>26,498,341</b>	<b>120,334,320</b>
<b>Difference in Revenue</b>	<b>720,000</b>	<b>632,000</b>	<b>535,392</b>	<b>429,526</b>	<b>313,709</b>	<b>Total Gain 2,630,628</b>

# MEMO

## High Sales Tax City - Status Quo vs. Swap (No Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA,

4% sales tax growth, 4% property tax growth

City General Fund gains a total of \$433,306 in additional tax increment revenue

The swap is revenue neutral from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Property Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Loss to TI w/ 50% RDA	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>20,720,000</b>	<b>21,548,800</b>	<b>22,410,752</b>	<b>23,307,182</b>	<b>24,239,469</b>	<b>112,226,203</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,480,000	12,979,200	13,498,368	14,038,303	64,995,871
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	480,000	499,200	519,168	539,935	561,532	2,599,835
Property Revenue	8,000,000	8,320,000	8,652,800	8,998,912	9,358,868.48	43,330,580
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	320,000	332,800	346,112	359,956	374,355	1,733,223
Loss to TI w/ 50% RDA	160,000	166,400	173,056	179,978	187,177	866,612
Gain from TI after redistributing swap amount	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>20,720,000</b>	<b>21,548,800</b>	<b>22,410,752</b>	<b>23,307,182</b>	<b>24,239,469</b>	<b>112,226,203</b>
<b>Difference in Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Total Gain</b>

## High Sales Tax City - Status Quo vs. Swap (With Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA,

4% sales tax growth, 4% property tax growth, 5% subsidy - \$800,000 annually (16,000,000 X .05),

Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$4,000,000 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Property Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Loss to TI w/ 50% RDA	80,000	83,200	86,528	89,989	93,589	433,306
<b>Total Revenue</b>	<b>20,720,000</b>	<b>21,548,800</b>	<b>22,410,752</b>	<b>23,307,182</b>	<b>24,239,469</b>	<b>112,226,203</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,480,000	12,979,200	13,498,368	14,038,303	64,995,871
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	480,000	499,200	519,168	539,935	561,532	2,599,835
Property Revenue	8,000,000	8,320,000	8,652,800	8,998,912	9,358,868.48	43,330,580
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	320,000	332,800	346,112	359,956	374,355	1,733,223
Loss to TI w/ 50% RDA	160,000	166,400	173,056	179,978	187,177	866,612
Gain from TI after redistributing swap amount	80,000	83,200	86,528	89,989	93,589	433,306
Subsidy	800,000	800,000	800,000	800,000	800,000	4,000,000
<b>Total Revenue</b>	<b>21,520,000</b>	<b>22,348,800</b>	<b>23,210,752</b>	<b>24,107,182</b>	<b>25,039,469</b>	<b>116,226,203</b>
<b>Difference in Revenue</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>Total Gain</b>

# MEMO

## High Sales Tax City - Status Quo vs. Swap (No Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA,  
4% sales tax growth, 6% property tax growth

City General Fund gains a total of \$676,451 in additional tax increment revenue

City gains a total of 1,369,372 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Property Revenue	4,000,000	4,240,000	4,494,400	4,764,064	5,049,908	22,548,372
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	240,000	254,400	269,664	285,844	302,994	1,352,902
Loss to TI w/ 50% RDA	120,000	127,200	134,832	142,922	151,497	676,451
<b>Total Revenue</b>	<b>20,760,000</b>	<b>21,672,800</b>	<b>22,627,056</b>	<b>23,624,723</b>	<b>24,667,852</b>	<b>113,352,430</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,480,000	12,979,200	13,498,368	14,038,303	64,995,871
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	480,000	499,200	519,168	539,935	561,532	2,599,835
Property Revenue	8,000,000	8,480,000	8,988,800	9,528,128	10,099,815.68	45,096,744
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	480,000	508,800	539,328	571,688	605,989	2,705,805
Loss to TI w/ 50% RDA	240,000	254,400	269,664	285,844	302,994	1,352,902
Gain from TI after redistributing swap amount	120,000	127,200	134,832	142,922	151,497	676,451
<b>Total Revenue</b>	<b>20,840,000</b>	<b>21,840,800</b>	<b>22,891,664</b>	<b>23,995,196</b>	<b>25,154,142</b>	<b>114,721,803</b>
<b>Difference in Revenue</b>	<b>80,000</b>	<b>168,000</b>	<b>264,608</b>	<b>370,474</b>	<b>486,291</b>	<b>Total Gain 1,369,372</b>

## High Sales Tax City - Status Quo vs. Swap (With Subsidy)

\$16 million retail tax revenue, \$4 mil property tax revenue, 50% of property tax goes to RDA,  
4% sales tax growth, 6% property tax growth, 5% subsidy - \$800,000 annually (16,000,000 X .05),

Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$5,369,372 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Property Revenue	4,000,000	4,240,000	4,494,400	4,764,064	5,049,908	22,548,372
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	240,000	254,400	269,664	285,844	302,994	1,352,902
Loss to TI w/ 50% RDA	120,000	127,200	134,832	142,922	151,497	676,451
<b>Total Revenue</b>	<b>20,760,000</b>	<b>21,672,800</b>	<b>22,627,056</b>	<b>23,624,723</b>	<b>24,667,852</b>	<b>113,352,430</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	12,000,000	12,480,000	12,979,200	13,498,368	14,038,303	64,995,871
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	480,000	499,200	519,168	539,935	561,532	2,599,835
Property Revenue	8,000,000	8,480,000	8,988,800	9,528,128	10,099,815.68	45,096,744
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	480,000	508,800	539,328	571,688	605,989	2,705,805
Loss to TI w/ 50% RDA	240,000	254,400	269,664	285,844	302,994	1,352,902
Gain from TI after redistributing swap amount	120,000	127,200	134,832	142,922	151,497	676,451
Subsidy	800,000	800,000	800,000	800,000	800,000	4,000,000
<b>Total Revenue</b>	<b>21,640,000</b>	<b>22,640,800</b>	<b>23,691,664</b>	<b>24,795,196</b>	<b>25,954,142</b>	<b>118,721,803</b>
<b>Difference in Revenue</b>	<b>880,000</b>	<b>968,000</b>	<b>1,064,608</b>	<b>1,170,474</b>	<b>1,286,291</b>	<b>Total Gain 5,369,372</b>

# MEMO

## Balanced City - Status Quo vs. Swap (No Subsidy)

\$10 million property tax revenue, \$10 million in sales tax revenue, 25% of property tax goes to RDA

8% sales tax growth, 4% property tax growth

City General Fund gains a total of \$135,408 in additional tax increment revenue

City loses a total of \$1,757,384 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,800,000	11,664,000	12,597,120	13,604,890	58,666,010
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	800,000	864,000	933,120	1,007,770	1,088,391	4,693,281
Property Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Loss to TI w/ 25% RDA	100,000	104,000	108,160	112,486	116,986	541,632
<b>Total Revenue</b>	<b>21,100,000</b>	<b>22,376,000</b>	<b>23,737,600</b>	<b>25,190,989</b>	<b>26,742,824</b>	<b>119,147,413</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	8,100,000	8,748,000	9,447,840	10,203,667	43,999,507
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	600,000	648,000	699,840	755,827	816,293	3,519,961
Property Revenue	12,500,000	13,000,000	13,520,000	14,060,800	14,623,232.00	67,704,032
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	500,000	520,000	540,800	562,432	584,929	2,708,161
Loss to TI w/ 25% RDA	125,000	130,000	135,200	140,608	146,232	677,040
Gain from TI after redistributing swap amount	25,000	26,000	27,040	28,122	29,246	135,408
<b>Total Revenue</b>	<b>21,000,000</b>	<b>22,164,000</b>	<b>23,400,480</b>	<b>24,714,413</b>	<b>26,111,136</b>	<b>117,390,029</b>
<b>Difference in Revenue</b>	<b>(100,000)</b>	<b>(212,000)</b>	<b>(337,120)</b>	<b>(476,576)</b>	<b>(631,688)</b>	<b>Total Gain (1,757,384)</b>

## Balanced City - Status Quo vs. Swap (With Subsidy)

\$10 million property tax revenue, \$10 million in sales tax revenue, 25% of property tax goes to RDA

8% sales tax growth, 4% property tax growth, 5% Subsidy - \$500,000 annually (10,000,000 X .05)

Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$742,616 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,800,000	11,664,000	12,597,120	13,604,890	58,666,010
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	800,000	864,000	933,120	1,007,770	1,088,391	4,693,281
Property Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Loss to TI w/ 25% RDA	100,000	104,000	108,160	112,486	116,986	541,632
<b>Total Revenue</b>	<b>21,100,000</b>	<b>22,376,000</b>	<b>23,737,600</b>	<b>25,190,989</b>	<b>26,742,824</b>	<b>119,147,413</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	8,100,000	8,748,000	9,447,840	10,203,667	43,999,507
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	600,000	648,000	699,840	755,827	816,293	3,519,961
Property Revenue	12,500,000	13,000,000	13,520,000	14,060,800	14,623,232.00	67,704,032
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	500,000	520,000	540,800	562,432	584,929	2,708,161
Loss to TI w/ 25% RDA	125,000	130,000	135,200	140,608	146,232	677,040
Gain from TI after redistributing swap amount	25,000	26,000	27,040	28,122	29,246	135,408
5% Subsidy	500,000	500,000	500,000	500,000	500,000	2,500,000
<b>Total Revenue</b>	<b>21,500,000</b>	<b>22,664,000</b>	<b>23,900,480</b>	<b>25,214,413</b>	<b>26,611,136</b>	<b>119,890,029</b>
<b>Difference in Revenue</b>	<b>400,000</b>	<b>288,000</b>	<b>162,880</b>	<b>23,424</b>	<b>(131,688)</b>	<b>Total Gain 742,616</b>

# MEMO

## Balanced City - Status Quo vs. Swap (No Subsidy)

\$10 million property tax revenue , \$10 million in sales tax revenue, 25% of property tax goes to RDA

6% sales tax growth, 4% property tax growth

City General Fund gains a total of \$135,408 in additional tax increment revenue

City loses a total \$855,858 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,600,000	11,236,000	11,910,160	12,624,770	56,370,930
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	600,000	636,000	674,160	714,610	757,486	3,382,256
Property Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Loss to TI w/ 25% RDA	100,000	104,000	108,160	112,486	116,986	541,632
<b>Total Revenue</b>	<b>20,900,000</b>	<b>21,948,000</b>	<b>23,050,640</b>	<b>24,210,869</b>	<b>25,431,799</b>	<b>115,541,308</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	7,950,000	8,427,000	8,932,620	9,468,577	42,278,197
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	450,000	477,000	505,620	535,957	568,115	2,536,692
Property Revenue	12,500,000	13,000,000	13,520,000	14,060,800	14,623,232.00	67,704,032
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	500,000	520,000	540,800	562,432	584,929	2,708,161
Loss to TI w/ 25% RDA	125,000	130,000	135,200	140,608	146,232	677,040
Gain from TI after redistributing swap amount	25,000	26,000	27,040	28,122	29,246	135,408
<b>Total Revenue</b>	<b>20,850,000</b>	<b>21,843,000</b>	<b>22,885,260</b>	<b>23,979,323</b>	<b>25,127,867</b>	<b>114,685,450</b>

  

Difference in Revenue	(50,000)	(105,000)	(165,380)	(231,546)	(303,932)	Total Gain (855,858)
-----------------------	----------	-----------	-----------	-----------	-----------	-------------------------

## Balanced City - Status Quo vs. Swap (With Subsidy)

\$10 million property tax revenue , \$10 million in sales tax revenue, 25% of property tax goes to RDA

6% sales tax growth, 4% property tax growth, 5% Subsidy - \$500,000 annually (10,000,000 X .05)

Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$1,644,142 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,600,000	11,236,000	11,910,160	12,624,770	56,370,930
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	600,000	636,000	674,160	714,610	757,486	3,382,256
Property Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Loss to TI w/ 25% RDA	100,000	104,000	108,160	112,486	116,986	541,632
<b>Total Revenue</b>	<b>20,900,000</b>	<b>21,948,000</b>	<b>23,050,640</b>	<b>24,210,869</b>	<b>25,431,799</b>	<b>115,541,308</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	7,950,000	8,427,000	8,932,620	9,468,577	42,278,197
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	450,000	477,000	505,620	535,957	568,115	2,536,692
Property Revenue	12,500,000	13,000,000	13,520,000	14,060,800	14,623,232.00	67,704,032
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	500,000	520,000	540,800	562,432	584,929	2,708,161
Loss to TI w/ 25% RDA	125,000	130,000	135,200	140,608	146,232	677,040
Gain from TI after redistributing swap amount	25,000	26,000	27,040	28,122	29,246	135,408
5% Subsidy	500,000	500,000	500,000	500,000	500,000	2,500,000
<b>Total Revenue</b>	<b>21,350,000</b>	<b>22,343,000</b>	<b>23,385,260</b>	<b>24,479,323</b>	<b>25,627,867</b>	<b>117,185,450</b>

  

Difference in Revenue	450,000	395,000	334,620	268,454	196,068	Total Gain 1,644,142
-----------------------	---------	---------	---------	---------	---------	-------------------------

# MEMO

## Balanced City - Status Quo vs. Swap (No Subsidy)

\$10 million property tax revenue, \$10 million in sales tax revenue, 25% of property tax goes to RDA

4% sales tax growth, 4% property tax growth

City General Fund gains a total of \$135,408 in additional tax increment revenue

Swap is revenue neutral

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Property Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Loss to TI w/ 25% RDA	100,000	104,000	108,160	112,486	116,986	541,632
<b>Total Revenue</b>	<b>20,700,000</b>	<b>21,528,000</b>	<b>22,389,120</b>	<b>23,284,685</b>	<b>24,216,072</b>	<b>112,117,877</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	7,800,000	8,112,000	8,436,480	8,773,939	40,622,419
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	300,000	312,000	324,480	337,459	350,958	1,624,897
Property Revenue	12,500,000	13,000,000	13,520,000	14,060,800	14,623,232.00	67,704,032
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	500,000	520,000	540,800	562,432	584,929	2,708,161
Loss to TI w/ 25% RDA	125,000	130,000	135,200	140,608	146,232	677,040
Gain from TI after redistributing swap amount	25,000	26,000	27,040	28,122	29,246	135,408
<b>Total Revenue</b>	<b>20,700,000</b>	<b>21,528,000</b>	<b>22,389,120</b>	<b>23,284,685</b>	<b>24,216,072</b>	<b>112,117,877</b>
Difference in Revenue	-	-	-	-	-	<b>Total Gain</b>

## Balanced City - Status Quo vs. Swap (With Subsidy)

\$10 million property tax revenue, \$10 million in sales tax revenue, 25% of property tax goes to RDA

4% sales tax growth, 4% property tax growth, 5% Subsidy - \$500,000 annually (10,000,000 X .05)

Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$2,500,000 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Property Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Loss to TI w/ 25% RDA	100,000	104,000	108,160	112,486	116,986	541,632
<b>Total Revenue</b>	<b>20,700,000</b>	<b>21,528,000</b>	<b>22,389,120</b>	<b>23,284,685</b>	<b>24,216,072</b>	<b>112,117,877</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	7,800,000	8,112,000	8,436,480	8,773,939	40,622,419
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	300,000	312,000	324,480	337,459	350,958	1,624,897
Property Revenue	12,500,000	13,000,000	13,520,000	14,060,800	14,623,232.00	67,704,032
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	500,000	520,000	540,800	562,432	584,929	2,708,161
Loss to TI w/ 25% RDA	125,000	130,000	135,200	140,608	146,232	677,040
Gain from TI after redistributing swap amount	25,000	26,000	27,040	28,122	29,246	135,408
5% Subsidy	500,000	500,000	500,000	500,000	500,000	2,500,000
<b>Total Revenue</b>	<b>21,200,000</b>	<b>22,028,000</b>	<b>22,889,120</b>	<b>23,784,685</b>	<b>24,716,072</b>	<b>114,617,877</b>
Difference in Revenue	500,000	500,000	500,000	500,000	500,000	<b>Total Gain</b>

# MEMO

## Balanced City - Status Quo vs. Swap (No Subsidy)

\$10 million property tax revenue , \$10 million in sales tax revenue, 25% of property tax goes to RDA

4% sales tax growth, 6% property tax growth

City General Fund gains a total of \$211,391 in additional tax increment revenue

City gains a total of \$855,858 in projected revenue

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Property Revenue	10,000,000	10,600,000	11,236,000	11,910,160	12,624,770	56,370,930
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	600,000	636,000	674,160	714,610	757,486	3,382,256
Loss to TI w/ 25% RDA	150,000	159,000	168,540	178,652	189,372	845,564
<b>Total Revenue</b>	<b>20,850,000</b>	<b>21,893,000</b>	<b>22,990,260</b>	<b>24,144,703</b>	<b>25,359,413</b>	<b>115,237,376</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	7,800,000	8,112,000	8,436,480	8,773,939	40,622,419
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	300,000	312,000	324,480	337,459	350,958	1,624,897
Property Revenue	12,500,000	13,250,000	14,045,000	14,887,700	15,780,962.00	70,463,662
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	750,000	795,000	842,700	893,262	946,858	4,227,820
Loss to TI w/ 25% RDA	187,500	198,750	210,675	223,316	236,714	1,056,955
Gain from TI after redistributing swap amount	37,500	39,750	42,135	44,663	47,343	211,391
<b>Total Revenue</b>	<b>20,900,000</b>	<b>21,998,000</b>	<b>23,155,640</b>	<b>24,376,249</b>	<b>25,663,345</b>	<b>116,093,234</b>
<b>Difference In Revenue</b>	<b>50,000</b>	<b>105,000</b>	<b>165,380</b>	<b>231,546</b>	<b>303,932</b>	<b>Total Gain 855,858</b>

## Balanced City - Status Quo vs. Swap (With Subsidy)

\$10 million property tax revenue , \$10 million in sales tax revenue, 25% of property tax goes to RDA

4% sales tax growth, 6% property tax growth, 5% Subsidy - \$500,000 annually (10,000,000 X .05)

Due to the 5% subsidy and additional tax increment revenue, the city gains a total of \$3,355,858 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	10,000,000	10,400,000	10,816,000	11,248,640	11,698,586	54,163,226
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	400,000	416,000	432,640	449,946	467,943	2,166,529
Property Revenue	10,000,000	10,600,000	11,236,000	11,910,160	12,624,770	56,370,930
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	600,000	636,000	674,160	714,610	757,486	3,382,256
Loss to TI w/ 25% RDA	150,000	159,000	168,540	178,652	189,372	845,564
<b>Total Revenue</b>	<b>20,850,000</b>	<b>21,893,000</b>	<b>22,990,260</b>	<b>24,144,703</b>	<b>25,359,413</b>	<b>115,237,376</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	7,500,000	7,800,000	8,112,000	8,436,480	8,773,939	40,622,419
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	300,000	312,000	324,480	337,459	350,958	1,624,897
Property Revenue	12,500,000	13,250,000	14,045,000	14,887,700	15,780,962.00	70,463,662
Property % Growth	0.06	0.06	0.06	0.06	0.06	
Property Revenue Gain	750,000	795,000	842,700	893,262	946,858	4,227,820
Loss to TI w/ 25% RDA	187,500	198,750	210,675	223,316	236,714	1,056,955
Gain from TI after redistributing swap amount	37,500	39,750	42,135	44,663	47,343	211,391
5% Subsidy	500,000	500,000	500,000	500,000	500,000	2,500,000
<b>Total Revenue</b>	<b>21,400,000</b>	<b>22,498,000</b>	<b>23,655,640</b>	<b>24,876,249</b>	<b>26,163,345</b>	<b>118,593,234</b>
<b>Difference In Revenue</b>	<b>550,000</b>	<b>605,000</b>	<b>665,380</b>	<b>731,546</b>	<b>803,932</b>	<b>Total Gain 3,355,858</b>

# MEMO

## High Property Tax City - Status Quo vs. Swap (No Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

8% sales tax growth, 4% property tax growth

City General Fund gains a total of \$10,833 in additional tax increment revenue

City loses a total of \$702,954 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,320,000	4,665,600	5,038,848	5,441,956	23,466,404
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	320,000	345,600	373,248	403,108	435,356	1,877,312
Property Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Loss to TI w/ 5% RDA	32,000	33,280	34,611	35,996	37,435	173,322
<b>Total Revenue</b>	<b>20,928,000</b>	<b>21,937,920</b>	<b>23,002,061</b>	<b>24,123,697</b>	<b>25,306,323</b>	<b>115,298,001</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,240,000	3,499,200	3,779,136	4,081,467	17,599,803
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	240,000	259,200	279,936	302,331	326,517	1,407,984
Property Revenue	17,000,000	17,680,000	18,387,200	19,122,688	19,887,595.52	92,077,484
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	680,000	707,200	735,488	764,908	795,504	3,683,099
Loss to TI w/ 5% RDA	34,000	35,360	36,774	38,245	39,775	184,155
Gain from TI after redistributing swap amount	2,000	2,080	2,163	2,250	2,340	10,833
<b>Total Revenue</b>	<b>20,888,000</b>	<b>21,853,120</b>	<b>22,867,213</b>	<b>23,933,067</b>	<b>25,053,648</b>	<b>114,595,048</b>
<b>Difference in Revenue</b>	<b>(40,000)</b>	<b>(84,800)</b>	<b>(134,848)</b>	<b>(190,630)</b>	<b>(252,675)</b>	<b>Total Gain (702,954)</b>

## High Property Tax City - Status Quo vs. Swap (With Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

8% sales tax growth, 4% property tax growth, 5% Subsidy - \$200,000 annually (4,000,000 X .05)

Due to the subsidy and additional tax increment revenue, City gains a total of \$297,046 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,320,000	4,665,600	5,038,848	5,441,956	23,466,404
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	320,000	345,600	373,248	403,108	435,356	1,877,312
Property Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Loss to TI w/ 5% RDA	32,000	33,280	34,611	35,996	37,435	173,322
<b>Total Revenue</b>	<b>20,928,000</b>	<b>21,937,920</b>	<b>23,002,061</b>	<b>24,123,697</b>	<b>25,306,323</b>	<b>115,298,001</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,240,000	3,499,200	3,779,136	4,081,467	17,599,803
Retail % Growth	0.08	0.08	0.08	0.08	0.08	
Retail Revenue Gain	240,000	259,200	279,936	302,331	326,517	1,407,984
Property Revenue	17,000,000	17,680,000	18,387,200	19,122,688	19,887,595.52	92,077,484
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	680,000	707,200	735,488	764,908	795,504	3,683,099
Loss to TI w/ 5% RDA	34,000	35,360	36,774	38,245	39,775	184,155
Gain from TI after redistributing swap amount	2,000	2,080	2,163	2,250	2,340	10,833
5% Subsidy	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>Total Revenue</b>	<b>21,088,000</b>	<b>22,053,120</b>	<b>23,067,213</b>	<b>24,133,067</b>	<b>25,253,648</b>	<b>115,595,048</b>
<b>Difference in Revenue</b>	<b>160,000</b>	<b>115,200</b>	<b>65,152</b>	<b>9,370</b>	<b>(52,675)</b>	<b>Total Gain 297,046</b>

# MEMO

## High Property Tax City - Status Quo vs. Swap (No Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

6% sales tax growth, 4% property tax growth

City General Fund gains a total of \$10,833 in additional tax increment revenue

City loses a total of \$342,343 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,240,000	4,494,400	4,764,064	5,049,908	22,548,372
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	240,000	254,400	269,664	285,844	302,994	1,352,902
Property Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Loss to TI w/ 5% RDA	32,000	33,280	34,611	35,996	37,435	173,322
<b>Total Revenue</b>	<b>20,848,000</b>	<b>21,766,720</b>	<b>22,727,277</b>	<b>23,731,649</b>	<b>24,781,913</b>	<b>113,855,559</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,180,000	3,370,800	3,573,048	3,787,431	16,911,279
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	180,000	190,800	202,248	214,383	227,246	1,014,677
Property Revenue	17,000,000	17,680,000	18,387,200	19,122,688	19,887,595.52	92,077,484
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	680,000	707,200	735,488	764,908	795,504	3,683,099
Loss to TI w/ 5% RDA	34,000	35,360	36,774	38,245	39,775	184,155
Gain from TI after redistributing swap amount	2,000	2,080	2,163	2,250	2,340	10,833
<b>Total Revenue</b>	<b>20,828,000</b>	<b>21,724,720</b>	<b>22,661,125</b>	<b>23,639,031</b>	<b>24,660,341</b>	<b>113,513,216</b>
Difference in Revenue	(20,000)	(42,000)	(66,152)	(92,618)	(121,573)	Total Gain (342,343)

## High Property Tax City - Status Quo vs. Swap (With Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

6% sales tax growth, 4% property tax growth, 5% Subsidy - \$200,000 annually (4,000,000 X .05)

Due to the subsidy and additional tax increment revenue, City gains a total of \$657,657 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,240,000	4,494,400	4,764,064	5,049,908	22,548,372
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	240,000	254,400	269,664	285,844	302,994	1,352,902
Property Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Loss to TI w/ 5% RDA	32,000	33,280	34,611	35,996	37,435	173,322
<b>Total Revenue</b>	<b>20,848,000</b>	<b>21,766,720</b>	<b>22,727,277</b>	<b>23,731,649</b>	<b>24,781,913</b>	<b>113,855,559</b>
Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,180,000	3,370,800	3,573,048	3,787,431	16,911,279
Retail % Growth	0.06	0.06	0.06	0.06	0.06	
Retail Revenue Gain	180,000	190,800	202,248	214,383	227,246	1,014,677
Property Revenue	17,000,000	17,680,000	18,387,200	19,122,688	19,887,595.52	92,077,484
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	680,000	707,200	735,488	764,908	795,504	3,683,099
Loss to TI w/ 5% RDA	34,000	35,360	36,774	38,245	39,775	184,155
Gain from TI after redistributing swap amount	2,000	2,080	2,163	2,250	2,340	10,833
5% Subsidy	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>Total Revenue</b>	<b>21,028,000</b>	<b>21,924,720</b>	<b>22,861,125</b>	<b>23,839,031</b>	<b>24,860,341</b>	<b>114,513,216</b>
Difference in Revenue	180,000	158,000	133,848	107,382	78,427	Total Gain 657,657

# MEMO

## High Property Tax City - Status Quo vs. Swap (No Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

City General Fund gains a total of \$10,833 in additional tax increment revenue

4% sales tax growth, 4% property tax growth

Swap is revenue neutral

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Property Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Loss to TI w/ 5% RDA	32,000	33,280	34,611	35,996	37,435	173,322
<b>Total Revenue</b>	<b>20,768,000</b>	<b>21,598,720</b>	<b>22,462,669</b>	<b>23,361,176</b>	<b>24,295,623</b>	<b>112,486,187</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,120,000	3,244,800	3,374,592	3,509,576	16,248,968
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	120,000	124,800	129,792	134,984	140,383	649,959
Property Revenue	17,000,000	17,680,000	18,387,200	19,122,688	19,887,595.52	92,077,484
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	680,000	707,200	735,488	764,908	795,504	3,683,099
Loss to TI w/ 5% RDA	34,000	35,360	36,774	38,245	39,775	184,155
Gain from TI after redistributing swap amount	2,000	2,080	2,163	2,250	2,340	10,833
<b>Total Revenue</b>	<b>20,768,000</b>	<b>21,598,720</b>	<b>22,462,669</b>	<b>23,361,176</b>	<b>24,295,623</b>	<b>112,486,187</b>
Difference in Revenue	-	-	-	-	-	<b>Total Gain</b>

## High Property Tax City - Status Quo vs. Swap (With Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

4% sales tax growth, 4% property tax growth, 5% Subsidy - \$200,000 annually (4,000,000 X .05)

Due to the subsidy and additional tax increment revenue, City gains a total of \$1,000,000 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Property Revenue	16,000,000	16,640,000	17,305,600	17,997,824	18,717,737	86,661,161
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	640,000	665,600	692,224	719,913	748,709	3,466,446
Loss to TI w/ 5% RDA	32,000	33,280	34,611	35,996	37,435	173,322
<b>Total Revenue</b>	<b>20,768,000</b>	<b>21,598,720</b>	<b>22,462,669</b>	<b>23,361,176</b>	<b>24,295,623</b>	<b>112,486,187</b>

  

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,120,000	3,244,800	3,374,592	3,509,576	16,248,968
Retail % Growth	0.04	0.04	0.04	0.04	0.04	
Retail Revenue Gain	120,000	124,800	129,792	134,984	140,383	649,959
Property Revenue	17,000,000	17,680,000	18,387,200	19,122,688	19,887,595.52	92,077,484
Property % Growth	0.04	0.04	0.04	0.04	0.04	
Property Revenue Gain	680,000	707,200	735,488	764,908	795,504	3,683,099
Loss to TI w/ 5% RDA	34,000	35,360	36,774	38,245	39,775	184,155
Gain from TI after redistributing swap amount	2,000	2,080	2,163	2,250	2,340	10,833
5% Subsidy	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>Total Revenue</b>	<b>20,968,000</b>	<b>21,798,720</b>	<b>22,662,669</b>	<b>23,561,176</b>	<b>24,495,623</b>	<b>113,486,187</b>
Difference in Revenue	200,000	200,000	200,000	200,000	200,000	<b>Total Gain</b>

# MEMO

## High Property Tax City - Status Quo vs. Swap (No Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

4% sales tax growth, 6% property tax growth

City General Fund gains a total of \$16,911 in additional tax increment revenue

City gains a total of \$342,343 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Retail % Growth	0.04	0.04	0.04	0.04	0.04	0.04
Retail Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Property Revenue	16,000,000	16,960,000	17,977,600	19,056,256	20,199,631	90,193,487
Property % Growth	0.06	0.06	0.06	0.06	0.06	0.06
Property Revenue Gain	960,000	1,017,600	1,078,656	1,143,375	1,211,978	5,411,609
Loss to TI w/ 5% RDA	48,000	50,880	53,933	57,169	60,599	270,580
<b>Total Revenue</b>	<b>21,072,000</b>	<b>22,253,120</b>	<b>23,501,779</b>	<b>24,821,897</b>	<b>26,217,622</b>	<b>117,866,418</b>

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,120,000	3,244,800	3,374,592	3,509,576	16,248,968
Retail % Growth	0.04	0.04	0.04	0.04	0.04	0.04
Retail Revenue Gain	120,000	124,800	129,792	134,984	140,383	649,959
Property Revenue	17,000,000	18,020,000	19,101,200	20,247,272	21,462,108.32	95,830,580
Property % Growth	0.06	0.06	0.06	0.06	0.06	0.06
Property Revenue Gain	1,020,000	1,081,200	1,146,072	1,214,836	1,287,726	5,749,835
Loss to TI w/ 5% RDA	51,000	54,060	57,304	60,742	64,386	287,492
Gain from TI after redistributing swap amount	3,000	3,180	3,371	3,573	3,787	16,911
<b>Total Revenue</b>	<b>21,092,000</b>	<b>22,295,120</b>	<b>23,567,931</b>	<b>24,914,515</b>	<b>26,339,195</b>	<b>118,208,761</b>
<b>Difference in Revenue</b>	<b>20,000</b>	<b>42,000</b>	<b>66,152</b>	<b>92,618</b>	<b>121,573</b>	<b>Total Gain 342,343</b>

## High Property Tax City - Status Quo vs. Swap (With Subsidy)

\$4 million retail tax revenue, \$16 mil property tax revenue, 5% of property tax goes to RDA

4% sales tax growth, 6% property tax growth, 5% Subsidy - \$200,000 annually (4,000,000 X .05)

Due to the subsidy and additional tax increment revenue, City gains a total of \$1,342,343 in projected revenue from years 2-6

Example City (Status Quo)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	4,000,000	4,160,000	4,326,400	4,499,456	4,679,434	21,665,290
Retail % Growth	0.04	0.04	0.04	0.04	0.04	0.04
Retail Revenue Gain	160,000	166,400	173,056	179,978	187,177	866,612
Property Revenue	16,000,000	16,960,000	17,977,600	19,056,256	20,199,631	90,193,487
Property % Growth	0.06	0.06	0.06	0.06	0.06	0.06
Property Revenue Gain	960,000	1,017,600	1,078,656	1,143,375	1,211,978	5,411,609
Loss to TI w/ 5% RDA	48,000	50,880	53,933	57,169	60,599	270,580
<b>Total Revenue</b>	<b>21,072,000</b>	<b>22,253,120</b>	<b>23,501,779</b>	<b>24,821,897</b>	<b>26,217,622</b>	<b>117,866,418</b>

Example City (After Swap)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Retail Revenue	3,000,000	3,120,000	3,244,800	3,374,592	3,509,576	16,248,968
Retail % Growth	0.04	0.04	0.04	0.04	0.04	0.04
Retail Revenue Gain	120,000	124,800	129,792	134,984	140,383	649,959
Property Revenue	17,000,000	18,020,000	19,101,200	20,247,272	21,462,108.32	95,830,580
Property % Growth	0.06	0.06	0.06	0.06	0.06	0.06
Property Revenue Gain	1,020,000	1,081,200	1,146,072	1,214,836	1,287,726	5,749,835
Loss to TI w/ 5% RDA	51,000	54,060	57,304	60,742	64,386	287,492
Gain from TI after redistributing swap amount	3,000	3,180	3,371	3,573	3,787	16,911
5% Subsidy	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>Total Revenue</b>	<b>21,292,000</b>	<b>22,495,120</b>	<b>23,767,931</b>	<b>25,114,515</b>	<b>26,539,195</b>	<b>119,208,761</b>
<b>Difference in Revenue</b>	<b>220,000</b>	<b>242,000</b>	<b>266,152</b>	<b>292,618</b>	<b>321,573</b>	<b>Total Gain 1,342,343</b>

# MEMO

## Examples of Sales Tax Revenue Sharing

### **Denver Metro Scientific & Cultural Facilities District (SCFD)**

The SCFD distributes funds from a 1/10 of 1% sales and use tax to cultural facilities throughout the seven-county Denver metropolitan area. The funds help support art, music, theater, dance, zoology, botany, natural history or cultural history. An eleven member board of directors governs SCFD; directors represent each county in the district and four directors are appointed by the governor. Each SCFD county has a county cultural council. The council members are appointed by county commissioners, or, in the case of Denver and Broomfield Counties, the City Council.

<http://www.scfd.org/>

### **Montgomery County Economic Development(ED) & Government Equity(GE) Fund**

Montgomery County, which includes Dayton, uses half a cent of sales tax to finance the ED/GE Fund. About 70 percent of the fund is earmarked for economic development, which is used to establish or expand commercial, industrial and research facilities and create and preserve job opportunities. The GE Fund shares some of the increased revenue resulting from new economic development among participating jurisdictions.

Eligibility to participate in the ED/GE Fund is voluntary and jurisdictions agree to a ten-year partnership. Participating jurisdictions are enabled to apply for grants each year. Grants are awarded twice a year by the county commissioners through a competitive review process, based on the recommendations of an advisory committee comprised of representatives from participating jurisdictions and the business community.

<http://www.mcoho.org/services/ed/edge.html>

### **Allegheny (County) Regional Asset District (RAD)**

The Regional Asset District, consisting of 130 local municipalities provides grants from half of the proceeds of the 1% Allegheny County Sales and Use Tax. Grants are distributed to civic, cultural and recreational entities, libraries, parks and sports facilities. The distribution is made by a Board of Directors composed of four persons appointed by the County Chief Executive, two appointed by the Mayor of Pittsburgh and one person elected by the six appointees. The Board also appoints a twenty-seven person Advisory Board to provide public input and comment on policies and procedures.

<http://www.radworkshere.org/>

### **St. Louis County Shared Sales Tax Pool**

St. Louis County has a countywide shared sales tax pool with point-of-sale (or "A") cities, and "pool" (or "B") cities. "A" cities keep the majority of their sales taxes, but are required to share a portion with the "B" cities. The rest of the county turns over all the sales taxes they collect to the pool, which is then redistributed to the "B" cities, which includes unincorporated Saint Louis County, based on population. "A" cities tend to be places with significant retail, while the B cities have limited retail or large populations.

<http://www.co.st-louis.mo.us/taxes/muntax.html>