How do local governments fund dredging projects?

Dredging Cost....

1. $600,000- to $1,500,000
**Predicates....**

1. No new Tax
2. Cannot take away revenue needed to fund essential governmental services
3. A mechanism to distribute revenue equitably for public needs

**How Does it Work**
Your Tax Base: Reassessment

Some home values go down

Some homes value go up

Financial Balance
Creating a TIF District
The Virginia State Code authorizes local governments to adopt Tax Increment Financing districts and outlines the criteria for TIF districts in Section 58.1-3245.2 through 58.1-3245.4.

58.1-3245.2 allows for the governing body of any county, city or town to adopt tax increment financing by passing an ordinance designating a development project area and providing that real estate taxes in the development project area shall be assessed, collected and allocated in the following manner for so long as any obligations or development project cost commitments secured by the Tax Increment Financing Fund, hereinafter authorized, are outstanding and unpaid.
Tax Incremental Financing

- NOT a new tax
- Does NOT take away revenue needed today to fund essential government services
- Provides a mechanism to distribute revenue equitably for public needs

Today’s Assessed Value

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building Assessed Value</td>
<td>$100,000</td>
</tr>
<tr>
<td>Taxable Units</td>
<td>1000</td>
</tr>
<tr>
<td>Levy</td>
<td>75 cents per hundred or 1000 taxing units</td>
</tr>
<tr>
<td>Tax Revenue Generated</td>
<td>$750</td>
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Becomes the floor value for funding local services
### Today’s Assessed Value

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### Reassessed

<table>
<thead>
<tr>
<th>Land and Building assessed Value</th>
<th>$110,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Units</td>
<td>1100</td>
</tr>
<tr>
<td>Levy</td>
<td>75 cents per hundred or 1100 taxing units</td>
</tr>
<tr>
<td>Tax Revenue Generated</td>
<td>$825</td>
</tr>
</tbody>
</table>

### New Revenue Generated

- $75

*the difference between annual generated tax revenue*

- A TIF policy can dedicate a percentage (1 to 100%) of new revenues to a fund public needs

**For Instance:** A TIF policy could dedicate 50% of new revenues to a specific dredging fund. Therefore $37.50 would be directed to the dredging fund.
New Revenue Generated

$75

Locality has TIF policy to dedicate 50% of new revenue to a specific dredging fund

$37.50 to Dredging Fund

$37.50 to General Fund

TIF policy can be utilized to capitalize dredging projects. It is:

- NOT a new tax
- Does NOT take away revenue needed today to fund essential government services
- Provides a mechanism to distribute revenue equitably for public needs
Financing An Aberdeen Creek Dredging Project Using A Tax Increment Financing Approach

Aberdeen Creek Dredging Study, Tax Increment Financing Analysis and Feasibility Study

- Shoreline Change
- Navigation Issues
  - Channel Survey
  - Sediment Samples
- Infrastructure Cost
Temporary channel markers have been installed so that boats can find their way into the creek via the shifted channel.

Commercial waterman use these facilities to offload their catch onto waiting trucks.

This barge is leaving with a load of oyster shells that were loaded at the private dock facility.
Tax Incremental Financing

| TIF District #1 | 40 Houses |
| TIF District #2 | 131 Houses |
| TIF District #3 | 619 Houses |

Table 4: Base Value of Tax Revenue for each TIF District ($)

<table>
<thead>
<tr>
<th>TIF District</th>
<th>Base Total Assessed Value</th>
<th>Gloucester County Real Estate Tax Rate</th>
<th>Base Value of TIF District</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIF District #1</td>
<td>7,455,600</td>
<td>$0.65 per $100 of Assessed Value</td>
<td>48,461.40</td>
</tr>
<tr>
<td>TIF District #2</td>
<td>34,955,100</td>
<td>$0.65 per $100 of Assessed Value</td>
<td>227,208.15</td>
</tr>
<tr>
<td>TIF District #3</td>
<td>104,122,300</td>
<td>$0.65 per $100 of Assessed Value</td>
<td>676,794.95</td>
</tr>
</tbody>
</table>

Virginia Sea Grant Fellow
First Year of TIFF estimate 2.5% real-estate value increase for reassessment

Tiff district real-estate floor value: $7,455,600 x 2.5% = $186,390 + base value = new assessment value ($7,641,990)

<table>
<thead>
<tr>
<th>Year One Assessed Value of District</th>
<th>Year One Revenue</th>
<th>Year One Tax Increment Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,641,990</td>
<td>(7,641,990/100)*0.65 = 49,672.94</td>
<td>49,672.94 - 48,461.40 = 1,211.54</td>
</tr>
</tbody>
</table>

Year after year slowly build dredging fund balance
With a growing TIFF fund balance dedicated to specific dredging projects, there are options:

- Increase or decrease policy % contributed to the fund (0%--100%)
- Matching funds for leverage
- Cost share options to accelerate projects
- Continuous stream of resources to make strategic investment decisions
Questions

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