

Provo City School District

Policy Series 1000: Board of Education



Policy 1940

Tax Increment Financing

The purpose of this policy is to provide a consistent framework for considering tax increment financing projects in our communities. Provo City School District has considered the following general criteria to provide a consistent framework for considering projects in our communities:

- Grow wealth – investment from outside the State
- Job growth in our community – wages that exceed the county average
- Avoid projects that include retail or housing
- Support from Utah County, City, and other taxing entities
- Partnership opportunities – supportive of public K12 education

Provo City School District will hire a third-party consultant to report on the financial metrics of the project. The report will include:

- An analysis of return on investment, including net present value calculations;
- An analysis of the impact of District participation versus non-participation; and
- An analysis report regarding whether participation in the tax increment project is in the best interests of the district.
- This analysis will then be submitted to the finance committee for the final evaluation. If the finance committee deems the project or amended project is worthy of the full board's consideration, it will be brought to the board.

Considerations of Solution: (including previous attempts)

PCSD will base its support for increment projects on whether the project:

- Grows the commercial tax base within the Provo School District
- Increases the assessed valuation while minimizing the impact on services required
- Emphasizes office, industrial, and hotel/convention over retail and residential
- Increases the concentration of office and high-skilled labor job opportunities
- Includes Dollar, NPV, Housing Unit, and Housing Acreage caps for projects longer than 10 years
- Triggers within 2 years of the base year
 - If circumstances arise requiring the trigger date to be postponed, the base year is also amended so the two are not more than two years apart
- Provides partnership opportunities supportive of education
- Gains the support of other taxing entities
- Considers the pay-back period for the district
- Requests more contribution from the city than the district
- Has an administrative fee lower than 3%

- Considers the ratio of the city's assessed value in tax increment projects to the city's total assessed value, 5% cap.
- Provides the district some financial benefit other taxing entities do not receive (e.g. land, dollars, percent increment, mitigation payment, etc.)
- Reflects a lower term (years of increment) for higher percent of increment given (e.g. 10 year term = 100%; 15 year term = 80%; 20 year term = 60%; 25 year term = 40% increment)
- Contemplates every percent of the project that includes housing, a proportionate increase in increment is given to the district (e.g. 5% housing = 5% more increment District to receive)
- Offers mitigation payments over non-mitigation payments

Projects seeking approval of an extension:

- Projects that provide better terms than the original project and other existing projects will be given much higher scrutiny

Approved by the Board:

December 12, 2023

