Tax Increment Financing (TIF) Program

Table TX0-1

Description	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Approved	% Change from FY 2026
OPERATING BUDGET	$46,008,153	$60,155,312	$44,913,266	$48,040,442	7.0
FTEs	0.0	0.0	0.0	0.0	N/A
CAPITAL BUDGET	$0	$0	$0	$0	N/A
FTEs	0.0	0.0	0.0	0.0	N/A

Tax Increment Financing (TIF) is a program through which the District provides economic development project funds by borrowing against future tax receipts expected to be generated as a result of the construction and operation of projects partially funded by these funds.

The agency's FY 2027 approved budget is presented in the following tables:

FY 2027 Approved Gross Funds Operating Budget and FTEs, by Revenue Type

Table TX0-2 contains the approved FY 2027 budget and Full-Time Equivalents by revenue type compared to the FY 2026 approved budget. It also provides FY 2024 and FY 2025 actual data.

Table TX0-2
($ in thousands)

	Dollars in Thousands						Full-Time Equivalents					
Appropriated Fund	Actual FY 2024	Actual FY 2025	Approved FY 2026	Approved FY 2027	Change from FY 2026	% Change*	Actual FY 2024	Actual FY 2025	Approved FY 2026	Approved FY 2027	Change from FY 2026	% Change
<u>**ENTERPRISE FUNDS**</u>												
ENTERPRISE AND OTHER FUNDS-DEDICATED TAX - TIF	46,008	60,155	44,913	48,040	3,127	7.0	0.0	0.0	0.0	0.0	0.0	N/A
TOTAL FOR ENTERPRISE FUNDS	**46,008**	**60,155**	**44,913**	**48,040**	**3,127**	**7.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**N/A**
GROSS FUNDS	**46,008**	**60,155**	**44,913**	**48,040**	**3,127**	**7.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**N/A**

* Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private) and Special Purpose Revenue type, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2027 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2027 Approved Operating Budget, by Account Group

Table TX0-3 contains the approved FY 2027 budget at the Account Group level compared to the FY 2026 approved budget. It also provides FY 2024 and FY 2025 actual expenditures.

Table TX0-3
($ in thousands)

Account Group	Actual FY 2024	Actual FY 2025	Approved FY 2026	Approved FY 2027	Change from FY 2026	% Change*
714100C-GOVERNMENT SUBSIDIES & GRANTS	23,347	22,439	30,289	16,758	-13,531	-44.7
714120C-FUND TRANSFERS	5,253	27,379	0	12,954	12,954	N/A
718100C-DEBT SERVICE PAYMENTS	17,408	10,337	14,624	18,328	3,704	25.3
SUBTOTAL NONPERSONNEL SERVICES (NPS)	**46,008**	**60,155**	**44,913**	**48,040**	**3,127**	**7.0**
GROSS FUNDS	**46,008**	**60,155**	**44,913**	**48,040**	**3,127**	**7.0**

* Percent change is based on whole dollars.

FY 2027 Approved Operating Budget and FTEs, by Division/Program and Activity

Table TX0-4 contains the approved FY 2027 budget by division/program and activity compared to the FY 2026 approved budget. It also provides FY 2024 and FY 2025 actual data. For a more comprehensive explanation of divisions/programs and activities, please see the Division/Program Description section, which follows the table.

Table TX0-4
($ in thousands)

	Dollars in Thousands					Full-Time Equivalents				
Division/Program and Activity	Actual FY 2024	Actual FY 2025	Approved FY 2026	Approved FY 2027	Change from FY 2026	Actual FY 2024	Actual FY 2025	Approved FY 2026	Approved FY 2027	Change from FY 2026
C02901-DEBT SERVICE	46,008	60,155	44,913	48,040	3,127	0.0	0.0	0.0	0.0	N/A
CO0029-CFO OPERATIONS	**46,008**	**60,155**	**44,913**	**48,040**	**3,127**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL APPROVED OPERATING BUDGET	**46,008**	**60,155**	**44,913**	**48,040**	**3,127**	**0.0**	**0.0**	**0.0**	**0.0**	**N/A**

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the approved funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity.** For detailed information on this agency's Cost Center structure as reflected in the District's Chart of Accounts, please see **Schedule 30-CC FY 2027 Approved Operating Budget and FTEs, by Division/Office.** Both schedules can be found in the **FY 2027 Operating Appendices**, located on the Office of the Chief Financial Officer's website. Additional information on this agency's interagency agreements can be found in **Appendix H** in the **Executive Summary, Volume 1**.

Program Description

The Tax Increment Financing Program operates through the following program:

Tax Increment Financing – provides budget authority pursuant to the Tax Increment Financing Act of 1998, which established a TIF program to support economic development projects that would not be developed "but for" public financial assistance. The initiative was reauthorized by the Tax Increment Financing Reauthorization Act of 2002 and the Tax Increment Financing Reauthorization Amendment Act of 2017. In addition, the District Council approved other project-based tax-supported revenue bonds, including Tax Increment Financings, outside the scope of the TIF Act.

This program contains the following 9 projects:

- **Gallery Place** – a mixed-use project that opened in the summer of 2004 and has an estimated debt service payment of $2,252,250;

- **Verizon Center** – funded improvements at the arena, now known as Capital One Arena, to be repaid using an incremental tax of 4.25 percent on merchandise and tickets sold at the venue, with an estimated debt service payment of $3,105,092;
- **City Market at O Street** – a mixed-use development project opened in 2013, with an estimated debt service payment of $2,812,881;
- **Special Retail and Great Streets** – smaller TIF financings issued under a special retail TIF program in the downtown area and retail or mixed-use projects located in Great Streets areas. Outstanding debt issued under these programs includes one project, Georgia Avenue CVS. Estimated debt service is $119,664;
- **Convention Center Hotel** – the project opened in May of 2014 and the TIF Note was refinanced in 2021. Estimated debt service is $3,833,024;
- **Skyland** – the first phase of a mixed-use development project opened in 2021 with an estimated debt service payment of $1,351,485;
- **Bryant Street** – a residential/retail development project that opened in 2021 with an estimated debt service payment of $1,243,550;
- **Reunion Square** – a multi-phased, mixed-use development project that began construction in FY 2021 with an estimated debt service payment of $1,175,554; and
- **Union Market** – a multi-phased, mixed-use development project that was supported by TIF debt issuances in 2021 and 2024 with an estimated debt service payment of $2,434,175.

For certain projects, a revenue contingency totaling $29,712,767 is budgeted if projected revenues are higher than minimum debt service payments, in accordance with the bond agreements. Depending on the structure of bond documents, such additional revenues may be used to pre-pay principal on TIF financings, reserved for future debt service payments, or returned to the District's General Fund. In accordance with bond agreement provisions, this budget anticipates distributions of excess revenues to the General Fund of $443,040 from the Bryant Street project, $6,804,017 from the Gallery Place project, $760,305 from the City Market at O Street project and $4,947,099 from the Verizon Center project. The transfer of these excess revenues to the General Fund will be funded within the revenue contingency budget.

Program Structure Change

The Tax Increment Financing Program has no program structure changes in the FY 2027 approved budget.

FY 2026 Approved Budget to FY 2027 Approved Budget, by Revenue Type

Table TX0-5 itemizes the changes by revenue type between the FY 2026 approved budget and the FY 2027 approved budget. For a more comprehensive explanation of changes, please see the FY 2027 Approved Budget Changes section, which follows the table.

Table TX0-5
($ in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
ENTERPRISE AND OTHER FUND-DEDICATED TAX - TIF: FY 2026 Approved Budget and FTE		**44,913**	**0.0**
Increase: To align projections with debt services payments	CFO OPERATIONS	3,704	0.0
Decrease: To align the budget with projected revenues	CFO OPERATIONS	-577	0.0
ENTERPRISE AND OTHER FUND-DEDICATED TAX - TIF: FY 2027 Mayor's Proposed Budget		**48,040**	**0.0**
No Change		0	0
ENTERPRISE AND OTHER FUND-DEDICATED TAX - TIF: FY 2027 District's Approved Budget		**48,040**	**0.0**
GROSS FOR TX0-TAX INCREMENT FINANCING (TIF) PROGRAM (TX0)		**48,040**	**0.0**

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the approved funding for interagency projects funded within this agency, please see **Appendix H, FY 2027 Interagency Budgets,** in the **Executive Summary, Volume 1** located on the OCFO's website.

FY 2027 Approved Operating Budget Changes

Table TX0-6 contains the approved FY 2027 budget by fund compared to the approved FY 2026 budget.

Table TX0-6

Appropriated Fund	FY 2026 Approved	FY 2027 Approved	% Change from FY 2026
ENTERPRISE AND OTHER FUNDS-DEDICATED TAX - TIF	$44,913,266	$48,040,442	7.0
GROSS FUNDS	**$44,913,266**	**$48,040,442**	**7.0**

Mayor's Proposed Budget

Increase: The proposed FY 2027 Tax Increment Financing (TIF) program budget includes an increase of $3,703,731 to align the budget with revised estimates for debt service payments.

Decrease: The proposed FY 2027 Tax Increment Financing (TIF) program budget also includes a decrease of $576,556 to align the budget with revised estimates of projected revenues.

District's Approved Budget

No Change: The Tax Increment Financing (TIF) program's budget reflects no change from the Mayor's proposed budget to the District's approved budget.