

Tax Increment Financing (TIF) Program

Table TX0-1

Description	FY 2021	FY 2022	FY 2023	FY 2024	% Change
	Actual	Actual	Approved	Approved	from FY 2023
OPERATING BUDGET	\$22,939,399	\$58,066,516	\$32,275,319	\$39,754,704	23.2
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 2024 approved budget is presented in the following tables:

FY 2024 Approved Gross Funds Operating Budget and FTEs, by Revenue Type

Table TX0-2 contains the approved FY 2024 budget by revenue type compared to the FY 2023 approved budget. It also provides FY 2021 and FY 2022 actual data.

Table TX0-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands							Full-Time Equivalents						
	Actual FY 2021	Actual FY 2022	Approved FY 2023	Approved FY 2024	Change from FY 2023	% Change*	Actual FY 2021	Actual FY 2022	Approved FY 2023	Approved FY 2024	Change from FY 2023	% Change		
ENTERPRISE AND OTHER														
Enterprise and Other														
Funds-Dedicated Taxes	22,939	58,067	32,275	39,755	7,479	23.2	0.0	0.0	0.0	0.0	0.0	N/A		
TOTAL FOR ENTERPRISE AND OTHER	22,939	58,067	32,275	39,755	7,479	23.2	0.0	0.0	0.0	0.0	0.0	N/A		
GROSS FUNDS	22,939	58,067	32,275	39,755	7,479	23.2	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 2024 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2024 Approved Operating Budget, by Comptroller Source Group

Table TX0-3 contains the approved FY 2024 budget at the Comptroller Source Group (object class) level compared to the FY 2023 approved budget. It also provides FY 2021 and FY 2022 actual expenditures.

Table TX0-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2021	Actual FY 2022	Approved FY 2023	Approved FY 2024	Change from FY 2023	Percentage Change*
50 - Subsidies and Transfers	10,259	34,432	17,719	26,187	8,468	47.8
80 - Debt Service	12,681	23,634	14,556	13,568	-989	-6.8
SUBTOTAL NONPERSONAL SERVICES (NPS)	22,939	58,067	32,275	39,755	7,479	23.2
GROSS FUNDS	22,939	58,067	32,275	39,755	7,479	23.2

*Percent change is based on whole dollars.

FY 2024 Approved Operating Budget and FTEs, by Division/Program and Activity

Table TX0-4 contains the approved FY 2024 budget by division/program and activity compared to the FY 2023 approved budget. It also provides FY 2021 and FY 2022 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

(dollars in thousands)

Division/Program and Activity	Dollars in Thousands					Full-Time Equivalents				
	Actual FY 2021	Actual FY 2022	Approved FY 2023	Approved FY 2024	Change from FY 2023	Actual FY 2021	Actual FY 2022	Approved FY 2023	Approved FY 2024	Change from FY 2023
(1000) TAX INCREMENT FINANCING (TIF) PROGRAM										
(1100) Tax Increment Financing (TIF) Program	22,939	58,067	32,275	39,755	7,479	0.0	0.0	0.0	0.0	0.0
SUBTOTAL (1000) TAX INCREMENT FINANCING (TIF) PROGRAM	22,939	58,067	32,275	39,755	7,479	0.0	0.0	0.0	0.0	0.0
TOTAL APPROVED OPERATING BUDGET	22,939	58,067	32,275	39,755	7,479	0.0	0.0	0.0	0.0	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 the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2024 Operating Appendices** located on the Office of the Chief Financial Officer's website. "No Activity Assigned" indicates budget or actuals that are recorded at the division/program level.

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 \$3,810,000;
- **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 \$2,992,903;
- **City Market at O Street** – a mixed-use development project under construction that has an estimated debt service payment of \$2,879,156;
- **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 \$125,666;
- **Convention Center Hotel** – the project opened in May of 2014 and the TIF Note was refinanced in 2021. Interest-only debt service payments are estimated at \$2,557,255;
- **Skyland** - the first phase of a mixed-use development project opened in 2021 with an estimated debt service payment of \$1,353,269;
- **Bryant Street** - a residential/retail development project that opened in 2021 with an estimated debt service payment of \$1,243,050;
- **Reunion Square** - a multi-phased, mixed-use development project that began construction in FY 2021 with an estimated FY 2024 debt service payment of \$125,330 to be paid from capitalized interest; and
- **Union Market** - a multi-phased, mixed-use development project that was supported by an initial TIF debt issuance in 2021. No debt service payments are due until FY 2026.

In addition, the budget includes estimated debt service for future issuances for the following project anticipated to be under construction during FY 2024:

- **Skyland (Phase 2)** – in addition to the debt service payment for the first phase of the Skyland described above, additional debt will be issued for the next phase of development, with budgeted debt service payments of \$1,163,900 to be paid from capitalized interest.

For certain projects, a revenue contingency totaling \$23,504,175 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. The District expects to be entitled to \$1,000,000 from the Convention Center Hotel project in accordance with bond agreement provisions on distributing excess revenues. In accordance with bond agreement provisions for Bryant Street, this budget anticipates distribution of \$212,180 in excess revenues to the General Fund for this 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 2024 approved budget.

FY 2023 Approved Budget to FY 2024 Approved Budget, by Revenue Type

Table TX0-5 itemizes the changes by revenue type between the FY 2023 approved budget and the FY 2024 approved budget. For a more comprehensive explanation of changes, please see the FY 2024 Approved Budget Changes section, which follows the table.

Table TX0-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2023 Approved Budget and FTE			
		32,275	0.0
Increase: To align budget with projected revenues	Tax Increment Financing (TIF) Program	7,479	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2024 Mayor's Proposed Budget			
		39,755	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2024 District's Approved Budget			
		39,755	0.0
GROSS FOR TX0 - TAX INCREMENT FINANCING (TIF) PROGRAM		39,755	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 J, FY 2024 Interagency Budgets, in the Executive Summary budget volume.

FY 2024 Approved Operating Budget Changes

Table TX0-6 contains the approved FY 2024 budget by fund compared to the FY 2023 approved budget.

Table TX0-6

Appropriated Fund	FY 2023 Approved	FY 2024 Approved	% Change from FY 2023
Enterprise and Other Funds-Dedicated Taxes	\$32,275,319	\$39,754,704	23.2
GROSS FUNDS	\$32,275,319	\$39,754,704	23.2

Mayor's Proposed Budget

Increase: The FY 2024 budget proposal for the Tax Increment Financing (TIF) program includes a net increase of \$7,479,385 to align the budget with projected dedicated revenues and reduced debt service payments.

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.