

Joplin Recovery TIF could be paid off early

By Debby Woodin, The Joplin Globe, Mo.
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The Joplin, Mo., Recovery Tax Increment Financing District that covers the disaster zone and downtown could be paid off in four to five years, as much as 13 years early at its current rate of growth, the Joplin City Council was told Monday night.

Finance Director Leslie Haase pinned that prediction on growth in sales taxes being seen within the district. She answered questions on the TIF district and explained how the district is set up to operate in response to a request by council members to be briefed about the district.

TIF districts can exist for up to 23 years under state law, freezing taxes on new growth for that duration to cities, counties and schools.



Damage from the May 2011 tornado that devastated Joplin, Mo.

Those taxing districts still collect sales, property and franchise taxes but at the rate that existed when the district was formed. Taxes from new growth go to the TIF district to pay off its obligations, whether it was money spent on

building infrastructure for a retail center or, in Joplin's case, debt to buy property for redevelopment after the tornado.

"The Recovery TIF covers 30 percent of our community and was entered into after the worst disaster in our community's history," she said.

Councilman Dan McCreary said he wanted more information on how the TIF works.

"We have the largest TIF, geographically speaking, in the state of Missouri," he said, "and I think as a council we have a responsibility to at least understand it. I do think it is sometimes complex when you look at all the different taxes, not just whether we can pay back the bonds," along with with all of the taxing districts involved, including the Joplin School District.

He said he would like to know if there are steps that can be taken to shorten the life of the TIF, which could extend to 2036 if the debt incurred is not repaid sooner, and what things could affect the repayment negatively.

"I agree, TIFs are complex," Haase said. "The Recovery TIF is particularly complex. And I would say that I would not ever compare the Recovery TIF to any other TIFs." The city's active TIFs, other than the recovery district, are for the North Park Crossing and 1717 Marketplace retail developments.

McCreary asked Haase to explain the impact of the TIF on the city and the other taxing districts, such as the school district.

Haase said the community must repay \$18.25 million in bonds issued on the district in two series. The first series funded the land purchases for redevelopment. The second series provided money for the city's \$5 million share of the \$25 million cost for the new Joplin Public Library and additional infrastructure work within the city.

Those repayments are made by the trustee that collects the TIF district's share of tax payments and holds them in the bank for two annual payments on the debt.

"The sooner we repay it, the less interest we pay on it and sooner we close out the district," Haase said. When that happens, all of the taxing districts will collect all of the tax payments and none will go to the TIF district any longer.

Total collections were \$6.1 million through February, Haase said of all the taxes collected for the TIF district.

Sales and franchise tax collections alone amount to about \$1.4 million a year.

McCreary said there is a public perception that the Joplin Redevelopment Corp. is holding money that could be paid out.

Haase said there is about \$2 million being held for a future payoff of a land lease on some of the land in and near the new library site. The district's trustee also is holding about \$4.5 million for the city's share of the library. The remainder of its \$5 million obligation comes from the value of the land the JRC owns for the library site.

Mayor Mike Seibert said the TIF district has generated a lot of questions.

"I know we've all had conversations with the school district (about it) and there is a lot of confusion, a lot of technicalities," in the agreements between the taxing districts regarding the TIF district.

He said the public discussions might help to clarify the status of the TIF district.

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