

# **Town of Horizon City**

## **Tax Increment Reinvestment Zone (TIRZ) #1**

### **FAQs**

#### **What is a Tax Increment Reinvestment Zone (TIRZ)?**

Tax Increment Reinvestment Zones (TIRZ) are governed by Chapter 311 of the Texas Tax Code and are used as economic development tools to foster new development and redevelopment. A TIRZ reallocates some or all of the **additional** or the increment in ad valorem property taxes in the zone for public and private investments in the zone.

#### **Is TIRZ a new or additional tax?**

No, a TIRZ is not an additional tax. Instead, it establishes a “base tax value” for a designated geographic area when the Tax Increment Reinvestment Zone is created. Each year, within the TIRZ, the property taxes collected up to that “base tax value” continue to go into the Town’s general fund. As properties in the zone develop and property values increase, the dedicated increment goes into a dedicated TIRZ fund.

#### **What can a TIRZ actually do?**

A TIRZ is used to expedite development in an area of the Town that may not otherwise develop in a timely manner, by using property taxes to help pay for public improvements.

#### **What are the benefits of a TIRZ?**

Aside from expediting development in areas where it is not occurring, and allowing for investment to foster new development, the benefits of a TIRZ include:

- As a funding mechanism, a TIRZ does not affect revenue currently going to the general fund of the Town that fund ongoing City services;
- Does not involve additional or increased taxes on existing or new developments to produce revenues to serve as incentives;
- Does not involve forgiveness of taxes;
- Creates an opportunity to include other taxing jurisdictions to participate in the funding used for new public infrastructure and revitalization efforts;
- Captures only taxes on real property (land and buildings)-not business personal property, inventory, and sales taxes;
- Demonstrates a commitment for a fixed period of time to provide a dependable source of funds which can be allocated to stimulate new development and redevelopment;

- Allows for reinvestment of tax funds in those areas which created the funds – the area benefitting from the public investments is paying for those investments.

### **Are there other benefits to a TIRZ?**

Absolutely!

Other taxes and revenues are generated when development occurs in TIRZs. For example, sales taxes, and fees such as building development fees are generated with new development and those revenues continue going to the City's general fund.

Areas, such as the majority of the proposed TIRZ #1 for Horizon City, would not likely develop without incentives.

Development in the proposed TIRZ #1 has been identified in the most recent Comprehensive Plan for Horizon City as a Town Center with public and private development to continue growing Horizon City to be “a vibrant and financially resilient community where families live, work and play and businesses thrive in a safe and friendly environment” {*Shaping Our Horizon 2030: A Comprehensive and Strategic Plan*} <https://www.horizoncity.org/city-comprehensive-plan/>

Public investment will foster private development.

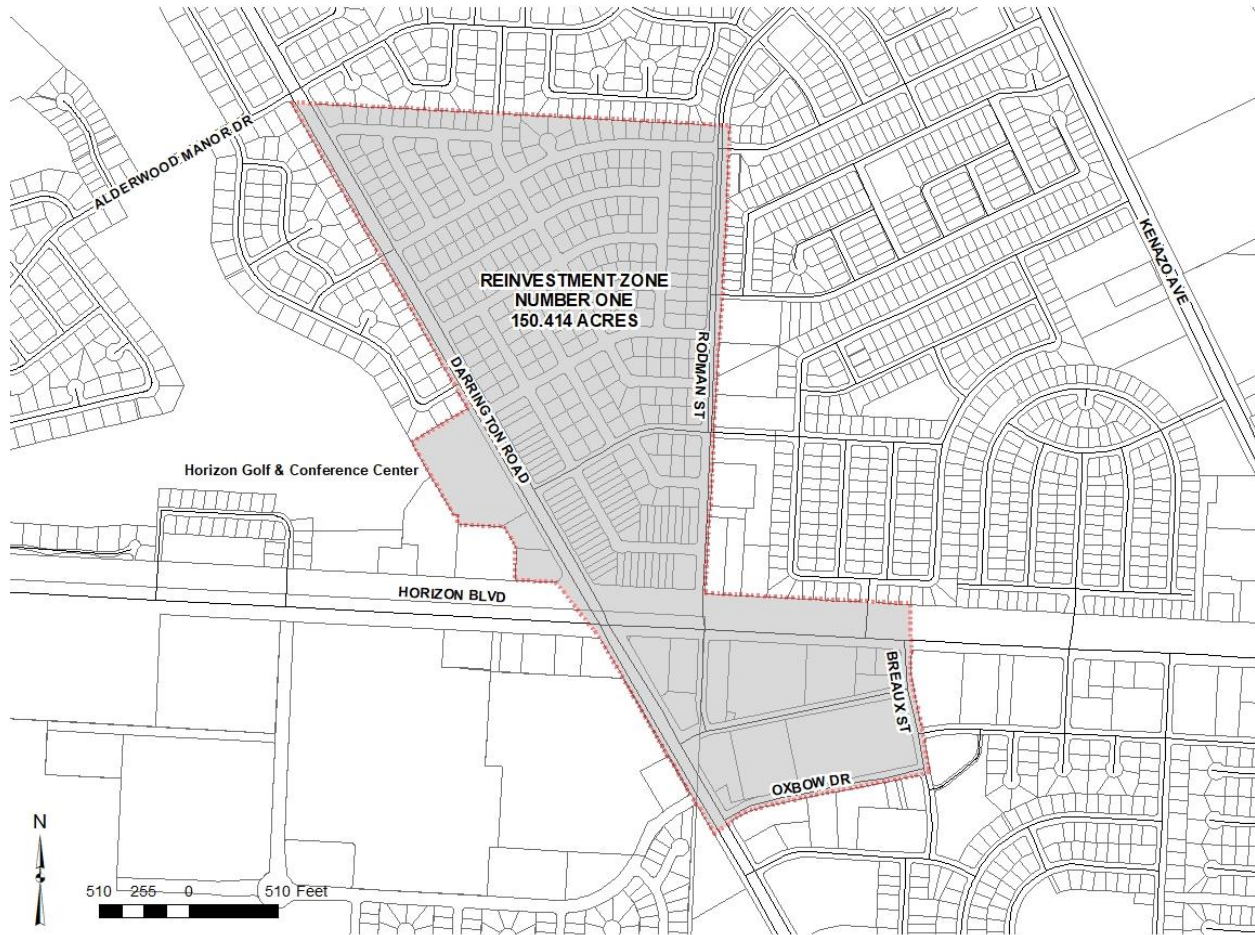
Development and new construction in the proposed TIRZ #1 will allow development to occur in a managed and orderly manner.

### **Can the TIRZ property tax increment revenues be used anywhere in the City?**

No, the increase in TIRZ property taxes collected can only be used within the TIRZ for infrastructure, landscaping, streetscaping, or other public improvements within the zone.

### **Where is the proposed TIRZ #1 in Horizon City?**

The map below identifies the proposed boundaries of the TIRZ #1.



### **When will the TIRZ be created?**

City Council will consider an ordinance to establish the TIRZ at their **regular Council meeting on Tuesday, December 8, 2020 at 6 PM.**

### **When will the term of the TIRZ end?**

The TIRZ will have a 30-year term and will end on December 31, 2050.

### **Who will manage the TIRZ in Horizon City?**

The Council will establish a TIRZ #1 Board to manage the TIRZ program of work and finances. The Board will consist of the Mayor and Council and one member each from other participating jurisdictions.

### **How can I participate in the TIRZ decisions?**

The TIRZ Board will meet on a regular basis and their meetings will be open to the public and posted on the Horizon City website.