

I intended to leave Lenoir City's economic impact plan involving Tax Increment Financing (TIF) alone without further comment. That is until recent advertisements ran in the **News-Herald**.

Several issues ago ads ran in the paper which detailed all the "benefits" TIF would offer the community. It could only be for, what I would imagine, garnering support from the general public for that nasty little tax deferral, which is rearing its head once again. Of course, the ads makes no mention of who may have placed it.

Developers using TIF would have the people believe there is no negative side to the plan. In fact, the local ad states it is "a win-win for everyone." It is true, TIF may be a winning solution for the developer who apparently does not want to pay for the road he contractually obligated himself to build. The contract is with the Mimms group, claiming each party is responsible to build its own portion of the connector road between Adesa and Old Highway 95. The Mimms group is well under way in its construction, and by now so should Dr. Bob Overholt, who owns the other portion of the property. However, he is not.

Unlikely Mimms, Dr. Bob want the city to pay for his contractual obligation out of its own revenue from property taxes. The contract states Dr. Bob can be penalized if he does not start construction of the road within a certain period of time. Mimms can build the road for him and then charge 20 percent on top of the construction cost for having to foot the bill. Of course if TIF goes through, the 20 percent will not matter to Dr. Bob; the city will cover that expense over the next 20 years.

TIF only covers the cost of public infrastructure, such as public roads and sewer lines, the developer may offer in protest. Well, that may be all well and good, but here is an interesting question:

When a developer builds a new residential subdivision, who pays for the public roads and sewer lines that connect that subdivision to the city? I'll give a little hint — it is not the city. Now, I understand that residential development and commercial development are two different cans of worms. However, I feel the point remains valid.

The area is only commercially viable if there is a road to connect the area to the rest of the city. Therefore, it is in the interest of the developer to have the road. Who is responsible for making this area commercially viable? According to developers using TIF, the city is responsible. It is as though the developer is saying, "I am going to build all these wonderful stores, but the city has to bring the customers to my stores; it is their responsibility after all."

In Lenoir City's case, Dr. Bob has recently sweetened the pot. There is now a free, one-acre piece of property in it for the city, and he has all but said he will cut a check to LCUB for \$2-million for help with much needed sewer improvements. The catch is TIF must be passed, implicitly saying, "I will pay for your improvements with the money you give me." And, that is the truth of it. TIF money is taxpayer money. It is the city's money, or it will be over the next few years. Developers using TIF have simply figured out how to get their hands on next year's money today, except it is not just next year's money but the next 20 years' money.

It is not the developer's fault; TIF is a legal vehicle for financing commercial infrastructure, and they would be foolish to not attempt to ease the cost of their development. They are businessmen and have a bottom line to watch.

Originally, the local plan for TIF involved the county but the county commission shot the plan down. I applaud them.

That original plan called for \$20-million of property taxes over the next 20-25 years. Now, Dr. Bob is only asking for \$9-million, because — as his associates have said in a previous city council meeting — he found other investors to help cover the other \$11-million. He found more investors, which is great. He is still trying for TIF, which in my opinion is not great. He found investors for \$11-million, we should implore him to find investors for the remaining \$9-million.

Some of the other negative aspects of this plan revolve around the allocation of the money generated by property taxes in the TIF district — a significant portion of Lenoir City territory, so to speak

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The local ad claims, "the TIF doesn't cost the city or its taxpayers anything ... the developer is paying the taxes that will support the city's new, and much needed, public infrastructure." This could be true if the TIF district did not include a significant number of existing residential properties and small businesses lining Highway 321.

significant number of existing residential properties and small businesses lining Highway 321. However, it does include these other properties, which means the developer is not the only one paying to make his development commercially viable — so are other families and small busi-

ness owners. But, that is not the developer; that is TIF.

How else could that money be spent by the city over the next 20 years? Can anyone imagine anything better than a huge medical park, leased condos for retirement-age folks, and more "big box" stores like Lowe's and Target? Allow me to make a few suggestions:

- New public library improvements with a wider variety of educational and recreational literature as well as new computers and other multimedia equipment to entertain and educate the next generation of scholars — as well offer a safe environment for the community.

- Improvements to the city's parks and recreation areas to draw the community into the outdoors, something Lenoir City should be proud to display considering its unique location in East Tennessee.

- Lenoir City School System improvements to prepare students for colleges and universities around the country, which have been supplementing traditional instruction with computer-based instruction for close to a decade now. Expanding the music departments, art departments, and offering a wider variety of athletic activities could serve the community just as much as adding any computer lab or multimedia classroom.

I could go on, and part of me really wants to do so. However, I am just one person. Imagine what a whole city could dream possible.

Developers here in this state and in others say TIF is a "win-win for everyone." If all you want to do is shop, eat, and go to the doctor, then they are probably right.

If they were really as interested in the community as they often say they are, they would build their own roads, their own sewer lines, and pay their own taxes. What an economic boom to a city that would be! With that plan, a development could bring all the things often promised but rarely delivered in full. Sadly, that is not part of the economic impact plan.

The plan is designed to keep the tax growth from property the same as though the development was never here — at least for the first 20 years. After 20 years, the TIF debt is paid, property taxes in that area are unfrozen and go back to the city in full. And, possibly at that time if not before, the developer sells his property and never contributes a dime of his own money to the city. Win-win ... yeah ... right.