

Briefing Document: Tax Increment Financing (TIF) in Shawnee

6-21-2025

Date: June 21, 2025 (Reflecting "Tax Increment Financing (TIF) in Shawnee — Public Edition" Document)

Purpose: This briefing document provides a comprehensive, data-driven overview of Shawnee's Tax Increment Financing (TIF) districts, their mechanics, financial performance, governance, and community impacts, as presented in the "Doctoral Lecture: Tax Increment Financing (TIF) in Shawnee — Public Edition." The aim is to equip residents with a clear understanding of these critical tools for urban redevelopment and public amenities.

Key Themes and Important Ideas/Facts:

1. TIF Fundamentals and Mechanics:

Definition: TIF "captures the incremental growth in property-tax revenues above a set base year valuation to fund designated projects within the district" [OK Statutes Title 62, §854].

Key Components: Base Year Valuation: The assessed property value at the district's creation, which freezes the baseline for tax revenue calculation. For the Downtown TIF, the base valuation was set at \$35M in 2016 [Ord. CS-2017-06, §2; ACFR 2017]. The Industrial Park TIF's base was \$12M in 2021 [Ord. CS-2022-10, §3; ACFR 2022].

Increment: The annual difference between current property tax revenues and those generated at the base year valuation. This incremental revenue is then dedicated to the TIF fund.

TIF Fund: A segregated account specifically for the increment, "safeguarded from general fund use" [City Code Ch. XXIV, §24-105].

Bonding: TIFs enable the issuance of project-financing bonds, which are backed by the anticipation of future increment revenues [Ord. CS-2017-06, §4].

Public-Friendly Pros & Cons: Pros: "No new taxes; targeted reinvestment; catalyst for private investment" [ACFR 2018, p. 130].

Cons: "Risk of over-optimistic forecasts; potential diversion from other services; debt obligations" [Audit CS-2019-06].

2. Shawnee's TIF Districts: Chronology and Legal Basis:

Two Primary Districts: Shawnee currently operates two TIF districts:

Downtown TIF: Established by Ordinance CS-2017-06 in June 2017 with a 20-year term. Its base year was 2016. Key milestones include an engineering RFP in July 2017 and façade grants [Resolution 2018-R15].

Industrial Park TIF: Created by Ordinance CS-2022-10 in October 2022 for 150 acres, with a 25-year term. Its base year was 2021. Utility plan approval occurred in June 2024 [City Council Jun 2024 Minutes].

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Legal Framework: TIF creation and finance in Shawnee are enabled by "OK Statutes Title 62, §§850–860" and codified within "Municipal Code Ch. XXIV, §§24-101–115."

3. Public Engagement and Governance Evolution:

Procedural Due Process: Key Commission meetings demonstrate commitment to public engagement and transparent governance:

Downtown Amendment Hearing (CS-2017-12-04): Eight citizens testified on boundary expansion, leading to the unanimous adoption of Ord. 2017-35. This "Demonstrates procedural due process—notice, comment, transparent vote—critical for legal legitimacy of TIF amendments" [OK Statutes §856].

Façade Grant & Reporting Amendment (CS-2018-09-17): Following requests for transparency, Resolution 2018-R15 was passed, increasing grants and formalizing quarterly reporting. This "Illustrates adaptive governance—resolution codifies audit clause and reporting requirements, embedding accountability into legal framework" [Ord. CS-2017-06 Amended].

Industrial Park TIF Boundary Hearing (CS-2023-01-15): Four speakers addressed infrastructure and access, and the ordinance was approved with minor map adjustments, highlighting "statutory compliance in new district formation and legal safeguards—annual reviews and boundary refinement powers—ensuring balanced development" [Ord. CS-2022-10, §6].

4. Financial & Performance Insights:

Downtown Performance (FY 2017–23): "Increment revenues grew from \$130K to \$200K" [ACFR 2023, p. 122]. The TIF fund balance "peaked at \$820K (FY 2018)" [ACFR 2018, p. 145]. \$600K in bonds were issued in 2019, with coverage exceeding 1.3x [ACFR 2020, p. 130].

Industrial Initial Capture: The Industrial Park TIF captured "\$48K (2022–23) with projections to \$75K by 2025" [Annual Report 2024, p. 18].

Expenditures: Significant expenditures include "\$400K for streetscape" [ACFR 2019], "\$250K for façade grants" [Resolution 2018-R15], and "\$100K for industrial design studies" [CS-2023-01-15].

5. Transparency & Accountability Enhancements:

Interactive Dashboard: The city maintains "shawneeok.org/tif" for "real-time fund tracking and grant status" [City Website].

Annual Reports: Detailed TIF schedules are included in the Comprehensive Annual Financial Reports (CAFR) under "Nonmajor Funds" [ACFR 2017–2023].

Third-Party Audit: A Deloitte audit (CS-2019-06) "confirmed fund integrity and recommended refinements" [Audit Report CS-2019-06].

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Advisory Committee: Quarterly public meetings have been held since 2020, with published minutes [Committee Minutes].

6. Community & Economic Impacts:

Downtown Revitalization: The Downtown TIF has led to a "15% increase in occupancy" and attracted "\$2.5M private investment" [Economic Development Report 2023].

Historic Preservation: "12 landmarks restored with 1:1 private matching" through the grant program [Grant Program Data].

Industrial Growth: The Industrial Park TIF has facilitated the addition of "Two tenants" and "45 jobs created" [Shawnee Industrial Park Report 2024].

Resident Survey (2023): A significant "72% approval" rate was reported, with 10% opposed and 18% neutral [City Survey 2023].

7. Lessons Learned and Recommendations for Best Practices:

Conservative Forecasting: Recommend updating base valuations every 5 years [Urban Planning Best Practices].

Dynamic Reporting: Emphasize maintaining online dashboards with drill-down capabilities [City Website Enhancement Plan].

Stakeholder Inclusion: Suggest expanding the advisory committee to include representatives from youth sports [Meeting Minutes CS-2022-05-12].

Sunset Planning: Initiate wind-down procedures 2 years prior to TIF expiration [City Code §24-110].

Conclusion:

Shawnee's application of TIF has been a structured process, grounded in state statutes and local ordinances, with demonstrable impacts on urban redevelopment and economic growth. The city has made significant strides in transparency and public engagement, as evidenced by its interactive online resources, regular reporting, third-party audits, and public committee meetings. While TIFs present inherent risks, Shawnee's approach emphasizes accountability and adaptive governance, aiming to maximize community benefits while minimizing potential drawbacks. Continued adherence to best practices and proactive engagement with stakeholders will be crucial for the ongoing success and public acceptance of these financing mechanisms.

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