

# How Stapleton Taxes Differ from the Rest of Denver and How TIF Works

## The Rest of Denver

### Denver Sales Tax

Purchases everywhere in Denver have the same sales tax rate whether or not they are in a tax increment area. A person who spends \$400/month on taxable purchases anywhere in Denver would likely pay about \$180 a year in Denver sales tax (groceries are not taxed).

In most of the city (unless you're in a tax increment area), the entire Denver portion of your sales tax goes to the City and County of Denver.

\$180

\$\$

Denver property tax bill

Denver home with \$400,000 market value  
Property tax = \$2,644

City & County of Denver \$1054  
(33.119 mills—40% of tax bill)

Denver Public Schools \$1569  
(49.299 mills—59.3% of tax bill)

Urban Drainage Tax \$21  
(.672 mills—.7% of tax bill)

Entire sales tax goes to the City & County of Denver

Entire property tax goes to City & County of Denver

Entire property tax goes to Denver Public Schools

Entire property tax goes to Urban Drainage

Denver Sales Tax   Denver Property Tax   Denver Public Schools Tax   Urban Drainage Tax   TIF   Westerly Creek Metro District Tax

Chart by Carol Roberts, Stapleton Front Porch

## Stapleton

If you make taxable purchases in Stapleton, the portion that would otherwise go to the city's general fund goes to TIF.

\$180

Stapleton property tax bill

Stapleton home with \$400,000 market value  
Property tax = \$4,421  
(60% more than standard Denver tax bill)

City & County of Denver (CCD) \$1054  
(33.119 mills—23.8% of Stapleton tax bill)  
Stapleton's CCD mill levy is the same as the rest of Denver

Denver Public Schools (DPS) \$1569  
(49.299 mills—35.5% of Stapleton tax bill)  
Stapleton's DPS mill levy is the same as the rest of Denver

Urban Drainage Tax \$21 (.672 mills—.5% of tax bill)  
Urban Drainage mill levy is the same as the rest of Denver

Stapleton special district tax \$1776  
WCMD—Westerly Creek Metropolitan District  
(55.769 mills—40.2% of Stapleton tax bill)  
Stapleton has this additional tax to build local infrastructure

### Stapleton TIF\*

Tax Increment Financing is managed by Denver Urban Renewal Authority (DURA)

To understand TIF, you need to understand the terms base and increment:

**Base** – The amount of tax revenue that a property was generating prior to the establishment of a tax increment area.

**Increment** – The amount over and above the base.

Denver sales tax   The sales tax increment to TIF is approx. 99% of the portion that would otherwise go to Denver's general fund.

Base (1%) goes to Denver

DURA receives the CCD tax. In 2013, approx. 90% of it was the increment for TIF; 10% was base, which gets paid to CCD. Also, a portion of the tax increment is paid to CCD for city services.

DURA receives the DPS tax. In 2013, approx. 90% of it was the increment for TIF; 10% was base, which gets paid to DPS.

DURA receives the Urban Drainage tax. The portions to TIF and base are the same as for DPS.

### Stapleton Special District Tax

The entire Stapleton special district tax goes to Westerly Creek Metropolitan District (WCMD) and flows to another special district, Park Creek Metro District (PCMD), which oversees all construction at Stapleton.

### What does TIF pay for?

TIF revenue pays for regional infrastructure that benefits the broader area (called trunk infrastructure) including major streets (MLK and CPB), drainage, schools, parks, and fire and police stations. It also pays off bonds and other regional infrastructure debt. TIF debt is expected to be fully repaid when the TIF ends in 2025.

### A portion of TIF goes for city services

Throughout the 25-year life of the TIF, the percentage of incremental tax revenue that goes to Denver increases to support the growing number of residents, businesses and amenities. The current percentage that is paid to the city is 22% of incremental revenue generated at Stapleton.

### Tax revenue from the base goes to the taxing entity

All the taxing entities receive tax revenue from the base throughout the 25-year life of the TIF. In 2013 the base was approx. 10% of property tax and approx. 1% of sales tax.

### What does WCMD revenue pay for?

The revenue is used to pay for local (in-tract) infrastructure that is used primarily by Stapleton residents and includes: local streets within residential, commercial and industrial areas, drainage, pocket parks and pools. WCMD revenue is also used to pay off bonds issued to finance in-tract development.

\***Tax Increment Financing (TIF)** is used to spur development in blighted areas. Under TIF, the **base** level of tax revenue is identified (the amount of tax revenue that a property was generating prior to the establishment of a tax increment area). That amount continues to go to the taxing entities. The development of the property creates additional tax revenue called the **tax increment**. That amount, over and above the base, goes to TIF.

In Stapleton, residents pay the same school and property tax rates as other Denver residents. Shoppers in Stapleton pay the same sales tax rates as the rest of Denver. But for 25 years, revenue from the **tax increment** (the amount over and beyond the **base**) is used to pay off debt issued to finance trunk infrastructure.

During the 25-year period, Denver and DPS continue to get tax revenue from the base. Starting in 2025, TIF financing will end and Denver and DPS will get the full amount of tax revenue on the developed land, which will then have a much higher tax base.

**DURA** (Denver Urban Renewal Authority) is a quasi-governmental agency that works with the city, developers and financing institutions to provide financing that supports redevelopment projects. DURA administers the Stapleton TIF. Stapleton is their largest project—at buildout it is projected to have a value of \$6.9 billion.

DURA issues bonds and uses the TIF revenue to pay off bonds and other debt. Current TIF obligations, in order of priority for payment, include: Westerly Creek Elementary, senior debt, and payment to the City and County of Denver (CCD) for the cost of city services at Stapleton. New projects are funded with cash flow from TIF or new debt issuances.

Currently the total amount of outstanding debt is \$249,521,490 and, in addition, an agreement has been made for a new bond obligation to DPS for the 4th and 5th Stapleton schools.

**Denver property and school tax**—For Denver residents not in a tax increment area, their entire property and school tax goes to the city and the school district.

For those in the Stapleton tax increment area, the entire **incremental tax** goes to TIF and a percentage is paid to the city for city services. Five DPS schools are being built with TIF financing.

**WCMD (Westerly Creek Metropolitan District)** and Park Creek Metro District (PCMD), were established in 2000. The districts each have a board of directors and a service plan, approved by City Council, that sets the parameters for their operation. The Westerly Creek Board is comprised of five elected members.

The mill levy is set under the terms of a service plan written when the entity was formed. The mill levy increase from 55.311 in 2013 to 55.769 in 2014 is in accordance with the terms of the service plan.

There is currently no estimate for when PCMD debt will be retired.

Chart shows where tax revenue ends up, not exact flow of money through the various entities.