



CREATION OF AN INDUSTRIAL DEVELOPMENT BOARD

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Introduction

Throughout the training courses with TCED, it became apparent that Atoka was lacking the necessary organization to foster economic and community development. As the municipalities to the north and to the south of Atoka continued to break ground on retail, commercial and industrial development, the question arose; Why them? Why not Atoka? After researching the south municipality and the north municipality one thing they had in common was an established Industrial Development Board. It was evident that Atoka need to create an Industrial Development Board to be economically competitive.

The Town of Atoka, Tennessee boasts a unique economic landscape, characterized by its predominantly rural community with a population of 8,573 in the 2010 census, which increased to 10,008 in the 2020 census. Notably, Atoka stands out with a median household income of \$97,630, a figure distinct from neighboring municipalities such as Munford, which has a population of 6,275 in the 2010 census, increasing slightly to 6,302 in the 2020 census, with a median household income of \$72,855, and Covington, with a population of 9,120 in the 2010 census, decreasing to 8,663 in the 2020 census, and a median household income of \$38,976. This variance underscores Atoka's unique economic position within the county, diverging significantly from the county's median income of \$69,548. The area boasts a high homeownership rate of 83%, with a median property value of \$243,900 and median combined town and county property taxes amounting to \$1,372. Atoka's demographics include a substantial presence of military personnel, contributing to the diversity of the population. Technological connectivity is well-established in Atoka, with 96.5% of households owning a computer and 92.0% having broadband

internet access. These factors contribute to the overall quality of life and economic activities within the community.

The proposal to establish an Industrial Development Board (IDB) in Atoka, Tennessee, stemmed from the aim of nurturing economic expansion, drawing investments, and improving the general business climate within the town. Currently, Atoka heavily relies on a single proprietor as its primary source of Sales Tax Revenue. Recognizing the potential risks associated with having a significant portion of sales tax revenue concentrated in one entity, the decision to create an IDB was motivated by the desire to diversify Atoka's economy. IDBs can be instrumental in attracting a diverse range of industries, contributing to a more varied economic landscape. This strategic move towards economic diversification through the establishment of an IDB reflects the town's commitment to building long-term resilience in the face of economic changes.

Economic Impact Studies

Economic impact studies on communities with established Industrial Development Boards (IDBs) consistently reveal a range of positive outcomes that contribute significantly to local prosperity. These studies often highlight the substantial economic growth experienced by these communities, emphasizing the IDBs' role in attracting diverse industries and fostering job creation. Additionally, these studies often showcase the positive impact on tax revenue, as the expansion of businesses within the community leads to increased contributions to the public coffers. The establishment of an IDB is recognized as a strategic move, providing communities with the financial incentive tools to actively manage and promote industrial development, ultimately enhancing the overall economic well-being and long-term sustainability of the region.

When highlighting IDB initiatives in similar sized towns/cities studies show successful projects. Lakeland, Tennessee and Millington, Tennessee both have active established IDBs.

Examples are as follows:

The City of Lakeland's Industrial Development Board Economic Impact Plan for Lakeland Gateway, involving a mixed-use development with 48,400 square feet of retail space, two hotels, 150 independent living units, and two medical office buildings, is poised to bring substantial economic benefits. The project anticipates creating around 1,482 temporary construction-related jobs and 906 permanent jobs, while significantly increasing property tax revenue during the Tax Increment Financing (TIF) period. With an estimated project investment of \$216 million, the TIF is expected to generate approximately \$14,754,663 in additional property taxes for Lakeland and \$48,094,524 for Shelby County. Upon TIF expiration, Lakeland and Shelby County are projected to benefit from the entire increase in property taxes, totaling approximately \$794,768 for Lakeland and \$2,590,638 million for Shelby County annually. The development also forecasts substantial contributions to local sales tax and hotel/motel taxes, reflecting a positive economic impact on both Lakeland and Shelby County while alleviating the public sector's infrastructure investment burden.

The Millington, Tennessee, IDB Economic Impact Plan for the Millington Farms Project aims to introduce new shopping, workspaces, and residential options. The undeveloped land within the project area currently generates minimal property tax revenue, with ad valorem real property taxes of \$686.59 for the city and \$1,817.44 for the county. Upon completion, the project is projected to yield substantial economic benefits, with an estimated business revenue impact of \$183 million annually. The initiative also anticipates creating 2,945 jobs, demonstrating a significant economic boost for Millington.

Tax Revenue Analysis

The investigation into the impact of IDBs on tax revenue generation reveals a multifaceted relationship between these boards and the financial health of communities. Studies consistently demonstrate that well-established IDBs play a pivotal role in fostering economic growth, attracting diverse industries, and ultimately contributing to increased tax revenues. By offering incentives and creating a conducive business environment, IDBs attract investments, leading to heightened commercial activities, expanded property values, and a broader tax base. The success stories of various communities, such as those in Tennessee, underscore how IDBs positively impact local sales, property, and business taxes. Through strategic initiatives and collaborative efforts, IDBs not only stimulate economic development but also fortify the financial foundation of communities, ensuring a sustainable source of revenue for public services and infrastructure improvements.

Tax Increment Financing and Payment in Lieu of Taxes programs are economic development tools employed by governments to incentivize and stimulate investment in certain areas. **Tax Increment Financing (TIF):** TIF is a financing method used by local governments to fund redevelopment or infrastructure projects within a specific district. When a TIF district is established, the property tax revenues collected within that district are frozen at the current level. Any increase in property tax revenue generated by rising property values or new development in the district is captured and earmarked for the TIF fund rather than going into the general fund. This additional revenue, known as the "tax increment," is then used to finance public improvements, infrastructure, or other projects that benefit the designated area. TIF is designed to encourage private investment and spur economic growth within blighted or underdeveloped regions. **Payment in Lieu of Taxes (PILOT):** PILOT programs are agreements between local

governments and private developers or businesses. In a PILOT arrangement, the property owner agrees to make payments to the local government instead of paying traditional property taxes. These payments are often negotiated at a fixed amount or a percentage of the property's assessed value. PILOTs are commonly used to attract businesses or industries to a particular area by providing them with predictable tax obligations for a specified period, often as an incentive for job creation or community development. PILOTs can be employed to encourage investment in areas that may not have otherwise attracted businesses due to high property tax rates. Both TIF and PILOT programs aim to stimulate economic development and revitalize specific regions by offering financial incentives to businesses or property developers. While TIF captures increased property tax revenue for local projects, PILOTs provide a predictable tax structure to encourage investment and development in targeted areas. These programs are tools used by governments to strike a balance between fostering economic growth and meeting community development goals.

The potential for increased tax revenue in a town with undeveloped land is significant and hinges on strategic planning and development initiatives. Undeveloped land represents untapped potential for economic growth, and as it is transformed into commercial, residential, or industrial zones, it can lead to a substantial increase in tax revenue. The development of such land attracts new businesses, which, in turn, generates additional property and business taxes. Rising property values and increased commercial activities contribute to a broader tax base, allowing the town to capture a greater share of tax revenue. Additionally, the infusion of businesses and residents into the area can stimulate local economies, creating jobs and fostering increased consumer spending.

Legislation and Policies at the State Level

In Tennessee, the establishment and functioning of IDBs are supported by state-level legislation aimed at promoting economic development and fostering business growth. Tennessee's General Assembly has enacted laws providing a legal framework for the creation and operation of IDBs across the state. These laws (T.C.A. 7-53-101) outline the creation, powers, duties, and responsibilities of IDBs, granting them authority to issue bonds, provide financial incentives, and enter into agreements with businesses to facilitate economic development projects. Additionally, state legislation often authorizes IDBs to utilize various financing mechanisms. The legislative support for IDBs underscores the state's commitment to fostering a business-friendly environment and stimulating economic growth at the local level. Through these legislative measures, Tennessee provides a framework that empowers IDBs to play a crucial role in driving economic development and prosperity within their communities.

Policies aimed at encouraging development in rural areas are essential for promoting economic growth, improving living standards, and fostering sustainability in these communities. One key policy approach involves providing financial incentives and resources to attract businesses and industries to rural regions, such as tax breaks, grants, or low-interest loans. Additionally, infrastructure investment is crucial, including the development of roads, utilities, and broadband internet access, which are vital for attracting businesses and supporting economic activities. Encouraging entrepreneurship and small business development through training programs, mentorship, and access to capital can also stimulate local economies. Moreover, policies that support agricultural innovation, eco-tourism, and value-added production can leverage rural areas' natural resources and cultural assets to generate income and create jobs. Finally, initiatives to improve education, healthcare, and housing accessibility in rural

communities are essential for retaining and attracting residents, contributing to long-term economic development and prosperity.

Throughout the TCED courses, various experts highlighted the significance of IDBs in fostering economic growth and community development within Tennessee's unique economic landscape. Notable speakers from the most recent Tennessee Economic Development Basic Finance Course included Toby Rittner, DFCP, President & CEO of the Council of Development Finance Agencies, Joann Massey, Vice President of Operations at EDGE (Economic Development Growth Engine), and Lamont Price, Innovation Director at the Tennessee Department of Economic and Community Development. These professionals, with their extensive experience in economic development, emphasized the pivotal role of IDBs and the incentives they offer in promoting economic and community sustainability. Their insights underscored the importance of leveraging IDBs to drive economic growth and enhance the overall well-being of Tennessee communities.

Importance of IDBS, TIFs, and PILOTs

An in-depth exploration of the role of Industrial Development Boards in attracting and retaining businesses unveils a multifaceted approach to economic development. IDBs serve as catalysts for business growth by offering a range of incentives and support mechanisms tailored to meet the needs of diverse industries. Through strategic planning and collaboration with local stakeholders, IDBs identify opportunities to attract new businesses to the community, leveraging financial incentives such as tax abatements, grants, and low-interest loans. Moreover, IDBs play a crucial role in retaining businesses by providing ongoing support and resources, including access to workforce development programs, infrastructure improvements, and business retention services. By fostering a business-friendly environment and facilitating partnerships between the

public and private sectors, IDBs create a conducive ecosystem for business expansion and longevity, ultimately contributing to sustained economic growth and prosperity within the community.

The benefits of TIFs and PILOTs include their ability to attract businesses, spur economic development, and revitalize blighted areas. By offering financial incentives and predictable tax obligations, these programs encourage private investment and job creation, ultimately contributing to a stronger local economy. Additionally, TIFs and PILOTs can promote the development of underutilized or neglected properties, leading to increased property values and enhanced community aesthetics.

However, challenges exist with both TIFs and PILOTs. Critics argue that these programs can sometimes divert tax revenue away from essential public services, such as education and infrastructure, particularly if not implemented transparently or if the benefits are not evenly distributed across the community. Additionally, there can be concerns about the long-term fiscal impact of TIFs and PILOTs, as they may require ongoing monitoring and management to ensure that they deliver the intended economic benefits without creating financial strain on the municipality. Moreover, the negotiation and administration of PILOT agreements can be complex and require careful consideration of various factors, including the potential for disputes or conflicts of interest.

Financial Support for the IDB

IDBs utilize various funding mechanisms to support economic development initiatives, drawing from local government resources, private investments, and grants. Local government funding often comprises allocations from municipal budgets or tax revenues dedicated to

economic development efforts. These funds may be used to provide financial incentives, infrastructure improvements, or administrative support for IDB operations. Private investments play a crucial role in financing IDB projects, as businesses and developers contribute capital towards economic development initiatives in exchange for incentives or access to resources provided by the IDB. Additionally, IDBs may seek grants from government agencies, foundations, or other organizations to supplement their funding sources, particularly for specific projects or programs aimed at addressing community needs or promoting targeted economic development objectives. By leveraging a combination of local government funding, private investments, and grants, IDBs can effectively support economic growth and community development initiatives within their jurisdictions.

Securing financial support for an IDB poses several challenges, primarily stemming from competition for limited resources, economic uncertainties, and bureaucratic hurdles. One significant challenge lies in convincing local government entities to allocate sufficient funding from their budgets for economic development initiatives managed by the IDB. Municipalities often face competing priorities for public funds, such as education, infrastructure, and public safety, making it challenging to prioritize economic development efforts. The bureaucratic complexities associated with navigating regulatory requirements and administrative procedures further compound the challenges in securing financial support for IDB initiatives. Despite these obstacles, IDBs must proactively engage with stakeholders, demonstrate the value of their economic development projects, and explore innovative funding strategies to overcome these challenges and fulfill their mission of fostering economic growth and prosperity within their communities.

Budgeting for the IDB

Determining the initial budget for IDB operations requires careful consideration of various factors to ensure effective functioning and long-term sustainability. Initially, the budget should encompass essential expenses such as staffing, administrative costs, and operational expenses. This allocation should be based on the anticipated workload and scope of activities, considering the IDB's objectives and strategic priorities. Additionally, allocating funds for marketing and outreach efforts is crucial to promote IDB's services and attract potential investors and businesses. As part of planning for long-term sustainability, the initial budget should also include provisions for reserves or contingency funds to address unexpected expenses or economic fluctuations. Regular budget reviews and adjustments are essential to monitor financial performance, identify areas for improvement, and align resources with evolving priorities. Periodic evaluations enable the IDB to assess the effectiveness of its operations, make informed decisions, and adapt to changing economic conditions or emerging opportunities. By implementing thorough budget planning processes and conducting regular reviews, IDBs can ensure financial stability, maximize resource utilization, and achieve sustainable growth in the pursuit of their economic development objectives.

State Incentives and Their Role

State incentives for industrial development play a pivotal role in fostering economic growth and attracting businesses to communities. These incentives often include tax credits, grants, low-interest loans, and workforce training programs, among others, designed to incentivize businesses to invest in job creation, infrastructure, and capital improvements. The influence of incentives on workforce development is significant, as they encourage businesses to invest in employee training and skill development programs to meet workforce demands and

enhance productivity. Strategies to leverage state incentives for maximum benefit involve proactive engagement with businesses, workforce development agencies, and educational institutions to align training programs with industry needs and ensure a skilled and adaptable workforce. Additionally, fostering collaboration between public and private sectors, streamlining administrative processes, and providing transparent information on available incentives can enhance the effectiveness of incentive programs and maximize their impact on economic development and workforce growth. By leveraging state incentives strategically and aligning them with workforce development initiatives, communities can attract businesses, create jobs, and build a sustainable economic future.

Negative Experiences of IDBs

One instance where an IDB faced challenges or backlash occurred in a municipality where the IDB in this case the Industrial Development Agency was accused of providing excessive tax incentives to attract a large corporation, leading to a significant loss of tax revenue for the local government. “At a cost of \$237 million, the two Avalon-on-the-Sound apartment buildings in New Rochelle were supposed to help revitalize the city by attracting millennials. It never really panned out, but city taxpayers are still paying the price. That’s because the developers of the two high-rises were given 30-year deals through the New Rochelle Industrial Development Agency that has them paying a combined \$118,000 in property taxes every year, or less than 1 percent of the \$12.4 million for which the buildings are assessed. Five projects actually lost jobs. Yet, last year, more than 7,000 parcels of land in New York state, valued at nearly \$34 billion, were exempted from state, county, local and school taxes by IDAs — leaving taxpayers to make up the gap.” (Jorge Fitz-Gibbon, and Mark Lungariello the Journal News, Updated 10:08a.m. ET Oct. 31, 2016)

This experience highlighted the importance of careful evaluation and transparency in the incentive allocation process. The lesson learned from this negative experience is the necessity of striking a balance between incentivizing economic development and ensuring the long-term financial health of the community. Applicably to Atoka, strategies for mitigating potential risks and challenges associated with IDB implementation include conducting thorough cost-benefit analyses to assess the impact of incentives on tax revenue, engaging stakeholders in decision-making processes, and implementing safeguards to prevent overallocation of incentives. Additionally, fostering open communication and accountability, regularly evaluating incentive programs, and diversifying economic development efforts can help mitigate risks and ensure responsible and sustainable IDB implementation in Atoka.

Community Support/Opposition

Establishing an IDB can elicit diverse perceptions within a community, ranging from excitement about potential economic growth to concerns about tax incentives and transparency. To garner support and address opposition, proactive communication and transparency are essential. Addressing concerns such as fiscal responsibility, accountability, and equitable distribution of benefits can help alleviate opposition. Moreover, involving community members in the development process by soliciting feedback, conducting surveys, and establishing advisory committees can foster a sense of ownership and trust. Implementing community feedback into IDB development is crucial for ensuring that the board's priorities align with the community's needs and values. By actively involving stakeholders and incorporating their input, IDBs can build stronger relationships with the community and increase support for their initiatives, ultimately leading to more effective and sustainable economic development outcomes.

Uniqueness of Atoka and Organizational Considerations

Atoka possesses a robust foundation for Economic and Community Development, characterized by several key assets that position the town for growth and prosperity. With a considerable expanse of undeveloped land, Atoka offers ample opportunities for expansion and investment. The presence of a major highway and railway with double tracks enhances connectivity and accessibility, facilitating the movement of goods and people, and making Atoka an attractive location for businesses and industries. Additionally, the town boasts excellent schools and parks, contributing to a high quality of life and attracting families and individuals seeking a vibrant community. The open-mindedness of local landowners and the eagerness of potential developers further amplify Atoka's potential for economic growth. Tailoring the structure of the IDB to align with the specific needs and aspirations of Atoka is crucial for maximizing the town's potential. By leveraging these assets and fostering collaboration between stakeholders, the IDB can play a pivotal role in facilitating strategic economic development initiatives, attracting investment, and realizing the community's vision for sustainable growth and prosperity.

Conclusion

In conclusion, Atoka, Tennessee, stands at a unique juncture poised for significant economic growth and community development. The town's favorable economic landscape, characterized by a higher median household income, excellent infrastructure, and abundant undeveloped land, presents a wealth of opportunities for fostering prosperity. Establishing an Industrial Development Board holds immense potential for leveraging these assets and steering Atoka towards sustainable growth and long-term resilience. By diversifying the local economy, attracting investments, and fostering business development, the IDB can catalyze job creation,

enhance public services, and elevate the overall quality of life for residents. However, challenges such as securing financial support, addressing community concerns, and mitigating risks associated with incentive programs must be navigated with transparency, accountability, and community engagement. By leveraging state incentives strategically, learning from past experiences, and incorporating community feedback into IDB development, Atoka can chart a path towards economic prosperity that reflects the aspirations and values of its residents. With careful planning, collaboration, and a shared vision for the future, Atoka's IDB has the potential to transform the town into a vibrant and resilient community for generations to come.

RESOURCE PAGE

Website: <https://datausa.io/>

Website: [U.S. Census Bureau](#)

Website: <https://www.city-data.com/city/Atoka-Tennessee.html>

Website: <https://environicsanalytics.com/>

Website: [Tennessee General Assembly](#)

Lakeland Gateway Economic Impact Plan

Millington Farms Project Economic Impact Plan

Website: <https://www.cdfa.net/>

Website: <https://www.lohud.com/story/news/investigations/2016/10/30/millions-breaks-idas-but-few-jobs/91161138/>