

of tax increment financing is going to spread like wild-fire across the state. Already in Minnesota and Wisconsin which just began tax increment financing a few years ago, it has changed from a state that has done one or two financings that way to states that do hundreds of financings that way, and it makes sense that it is going to happen. It is going to happen because there is a competitive edge to those using this technique, and it is going to happen because it allows government officials to essentially build projects and pay for them with public funds without the people ever noticing it. I want to refresh your memory and address again that illusion that has been created that the cost that tax increment financing costs the community nothing. The reality is that it costs the public almost as much as if the local government had issued the bonds itself. The fact is in my opinion that in almost every case if tax increment financing were not used to build a project, the project would have been built anyway albeit on a smaller scale and that is the key point that I think you have to think about and make up your mind about. Would the project have been built anyway albeit on a somewhat smaller scale. In the case of the Cornhusker, for example, I think the developers of that and the owners of that block would readily admit that something is going to be built there. If you make the assumption that something would have been built there anyway, then let's follow through with that using a specific illustration. Let's say the Cornhusker block, for example, there was going to be a convention center or complex built and it is built with tax increment financing, and it turns out that there are \$500,000 a year in revenues which would not be paid to the government authorities, the argument is that no tax would have been paid to the government authorities anyway because all that is an increase, an increment, in the taxes received by government. But let's assume for the moment that some other project would have been built on the Cornhusker block...maybe it would have been four-fifths the size, maybe two-thirds the size. Let's say for purposes of this example that it was only half the size. That means... that means that the revenues being lost in this particular instance would amount to about \$250,000 a year for fifteen years. That is what it is costing the taxpayers of the city, because those revenues are not coming into the city. Now the Cornhusker project is an unusual project in the sense that it is a convention center project primarily and it is designed to bring money from outstate into Lincoln. But tax increment financing is not only going to be used for projects that clearly bring money into the community, it can be used for a great number of projects that would be