

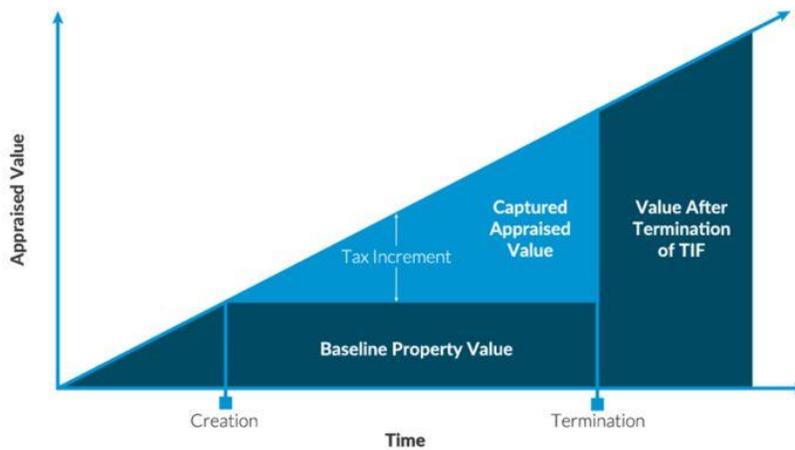
# TIF Districts – Summary & FAQs

## WHAT IS A TAX INCREMENT FINANCING (TIF) DISTRICT?

An area of up to 300 acres where new property values contribute to a public improvement fund instead of normal taxing jurisdictions. A TIF district can exempt a property for up to 30 years.

### How a TIF works:

- a. A City, County or Township puts a TIF district in place.
- b. Over time, the property values within the TIF increase or decrease from their original value at the time the TIF is approved.
- c. If the values increase above the base values, the increased value is captured in the form of TIF revenue.
- d. If the values decrease below the base values, no revenue is created by the TIF.
- e. Once TIF revenues are sufficient, the City, County, or Township uses them for eligible Public Improvements that benefit and serve the TIF district.



From Tax Increment Financing: A Primer, courtesy of the Citizens Budget Commission.

Total Property Value		Total Taxes Paid (including Payments in Lieu of Taxes)	
Year 1 (Base Value)	\$10,000,000	Year 1	\$292,030
Year 5	\$15,000,000	Year 5	\$438,045
TIF Value (Increase from Base)	\$5,000,000	TIF Revenue	\$146,015

### What are eligible Public Improvements?

- Roads, Streetscapes, and other public spaces
- Water and sewer lines
- Environmental remediation
- Land acquisition
- Demolition
- Housing improvements

- Parking facilities
- Stormwater and flood remediation projects

### **What qualifies an area for a TIF District?**

The TIF District must not exceed 300 acres and have at least one or more of the following distress characteristics:

- a. At least 50% the residents of the district have incomes of less than 80% percent of the median income of residents of the political subdivision in which the district is located.
- b. The average rate of unemployment in the district during the most recent 12-month period for which data are available is equal to at least 150% of the average rate of unemployment for this state for the same period.
- c. At least 20% of the people residing in the district live at or below the poverty level as defined in the federal Housing and Community Development Act of 1974, 42 U.S.C. 5301, as amended, and regulations adopted pursuant to that act.
- d. As certified by the engineer for the political subdivision, the public infrastructure serving the district is inadequate to meet the development needs of the district as evidenced by a written economic development plan or urban renewal plan for the district that has been adopted by the legislative authority of the subdivision.

### **How are TIF Districts created?**

TIF Districts are created by the City, with guidance from neighborhood stakeholders on the boundary of the TIF and plan for public improvements. The last TIF District was created in 2005. A public hearing must be conducted prior to the passage of any legislation and notice of the proposed TIF must be given to all property owners that own a parcel contained within the TIF boundaries. City Council must pass legislation approving the TIF. In certain circumstances, school board approval is necessary. The County is also able to weigh in.

## **TIF DISTRICT FAQs**

### **Q. Do TIF Districts raise property taxes for property owners? Will anyone pay more taxes?**

No. Property tax rates stay the same for TIF properties and non-TIF properties. TIFs do not increase property tax rates. Tax rates within TIFs will increase or decrease depending on passage or non-renewal of property tax levies.

### **Q. Do TIF Districts raise property values?**

No. The County Auditor sets property valuations within TIFs the same as non-TIF property. Auditor valuations depend on sale prices or appraisal by the County Auditor which occur every three years.

### **Q. How can TIF revenues be spent?**

TIF revenues must be spent on eligible public improvements that benefit and serve the TIF district. Eligible projects are generally construction projects for infrastructure or housing improvements.

### **Q. Who decides how to spend TIF revenue?**

TIF revenues are collected by the County and provided to the City to deposit into a specific TIF fund for the District. The revenues remain in the fund until City Council appropriates them to a specific project.