

TIPS ON THE USE OF TAX INCREMENT FINANCING FOR ECONOMIC DEVELOPMENT

- ✓ Fit use of TIFs into long-term economic development strategy – Know what your long-term objectives are
- ✓ To maximize fiscal benefit from TIFs tie into community capital planning and budgeting - consider going beyond the use of TIFs for business incentives and use to fund public infrastructure to support economic development
- ✓ Be aware that when using TIF revenues to benefit specific businesses/developers, what you provide to one will be serve as the benchmark for future requests
- ✓ Once TIFs are used, be sure to implement system for tracking values, revenues, and expenditures throughout the life of the TIF
- ✓ Plan for the tradeoff between TIF funds and General funds” – what you take in for TIFs can not be used for General Fund purposes
- ✓ Downtown TIFs often will not generate sufficient revenues from new investments to pay for items in the development program – you may want to consider integrating downtown TIF objectives with other TIFs in the community
- ✓ TIF policies can help direct decisions on when and how to use TIFs and can be tailored to meet community’s long term objectives – they need not be overly restrictive
- ✓ The fiscal benefit of TIF use varies by community and is driven largely by its tax rate and the state school funding formula - knowing the fiscal “breakeven point” can help a community determine how much of an incentive for a business makes fiscal sense - this breakeven point changes over time and should be periodically reexamined

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