

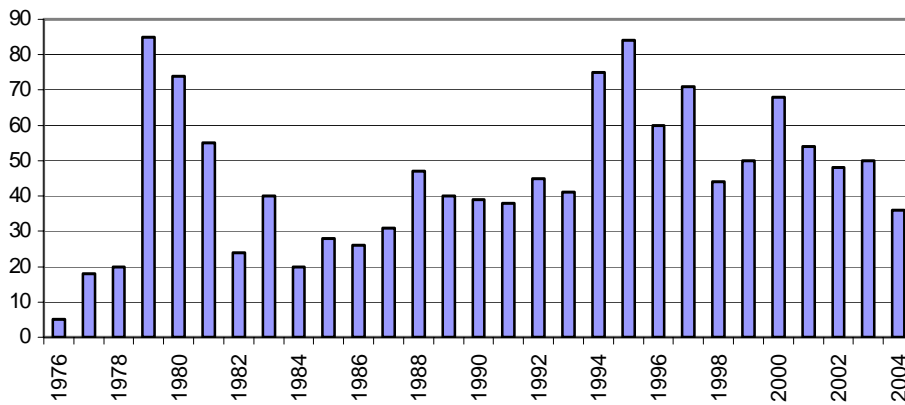
Tax Incremental Financing (TIF) & Economic Development

- Combining Infrastructure Investment & Community Growth Needs –
- May 2, 2005 -

TIF: Used by municipalities to capture future increases in property tax revenue and make these dollars available as a development investment or incentive, this tool uses those real estate taxes from new development to pay off the debt incurred to assist or stimulate that development. Through this economic development investment, communities foster business development and job creation.

Wisconsin's first TIF district was approved in 1976. Since then, 360 villages and

No. of TIF Districts Established Per Year



cities (two-thirds of all cities and villages) in 70 of Wisconsin's 72 counties now have active TIF districts. The two counties not supporting TIF districts are the only two counties in the state that are entirely

made up of townships (Menominee and Florence) and were previously not allowed by state statute to apply for TIF.

Thru 2003, 1,280 TIF districts were formed, 817 are still in existence (7 of which are environmental remediation districts- thus not subject to the value limits)

Tax Increment Financing (TIF) has become the primary tool for local economic development in Wisconsin, largely supplanting once popular federal redevelopment dollars. This is the result of decreased federal funding in the 1970's for urban redevelopment through elimination of direct project grants. The tool has become so pervasive that cities and villages almost exclusively use TIF for large-scale economic development infrastructure investment.

Tax incremental financing is often used to finance commercial and industrial projects on land being annexed, especially in Wisconsin's small to medium-sized cities. The "growth index" measuring the increase in equalized value of property within the financing district has averaged over 500% in all completed TIF projects and averages over 300% in TIF financed projects being developed (*Wisconsin Dept. of Commerce, 2000*). The property value increase in TIF districts has grown to \$9.6 billion, as of 2004.

