

Tax Increment Financing (TIF)

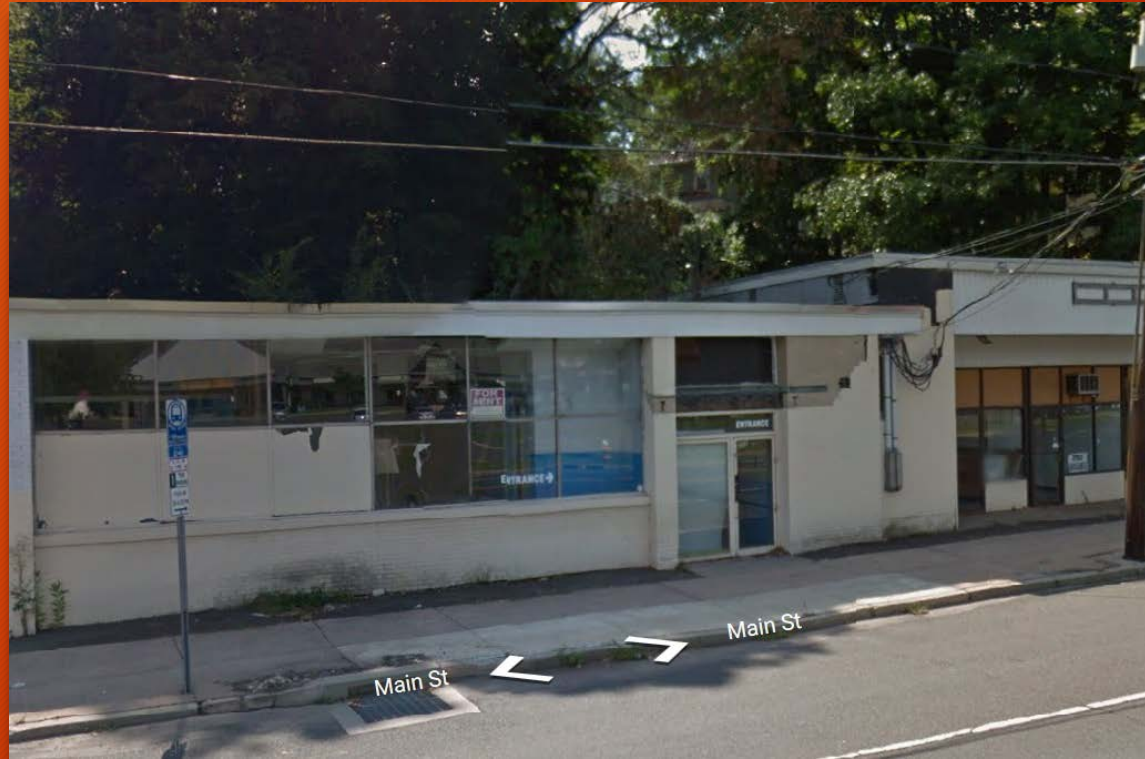
Distressed Commercial Districts Lifting
Themselves up by Their Own Bootstraps

The TIF Concept

- A TIF District is a powerful economic tool to help distressed commercial districts.
- Recently authorized by Connecticut Legislature.
- It is a way to build momentum as the neighborhood improves.
- Does not increase taxpayer burden.
- TIF Districts have been used successfully in many US States.

How a TIF District Works

Boundaries of
Blighted District
Defined.



How a TIF District Works

Original Assessed Value (OAV) for Each Property in District is Defined.



How a TIF District Works

As the District improves the difference between OAV and increased assessments are defined as the Captured Assessed Value (CAV). The additional taxes received (the Incremental Tax Revenue) on CAV is segregated in a Development Program Fund to be used on District expenses.



How a TIF District Works

Town General Fund continues to receive taxes on OAV that existed at time TIF created.



How a TIF District Works

The Increment is Used to Fund Infrastructure Improvements and Attract New Investment within District.



How a TIF District Works

TIF Spending is Subject to the Same Budget Process and Constraints as all Other Municipal Spending.



The TIF Financing Policy

The Board of Selectmen must Adopt an overall TIF Policy that establishes guidelines for any TIF to be formed.



The TIF District Master Plan Agreement

- Defines the boundaries of the TIF District.
- Master Plan is Created.
- Review by Planning & Zoning.
- Hold at Least One Public Meeting.
- Master Plan Approved at Town Meeting.



CEAs Credit Enhancement Agreements

- Town May Enter into Agreements With Developers to Provide Incentives for Redevelopment Within TIF District.
- CEA Agreements Often Provide Partial Rebates of Property Taxes to Increase Developer Borrowing Power.

