

# TAX INCREMENT FINANCING

Illinois law allows units of local governments the ability to designate areas within their jurisdiction as TIF districts. These specially designated districts are used by local governments as a way to spur economic growth by dedicating the sales tax revenues and additional property tax revenues generated within the TIF for improvements within the district with the hope of encouraging new economic development and jobs.

## COMMUNITY BENEFITS OF TIF

### **1) No tax increases**

In TIF areas, properties are assessed and taxed the same way as in non-TIF areas. The only change is that during the life of the TIF the property tax revenues are distributed differently — with the incremental increase in tax revenue going to the municipality to finance some of the redevelopment expenditures within the TIF area.

### **2) Increased property values**

The engine that drives TIF is investment in private property subject to the property tax. It is primarily this investment that causes the increased property values and enables the TIF to be a valuable redevelopment tool for cities.

### **3) Private investment and development**

### **4) More jobs**

### **5) Job Retention**

### **6) Job training programs**

### **7) Stronger, broader tax base**

### **8) Stronger economic base**

### **9) Locally controlled**

### **10) Incremental revenue is reinvested in the TIF district**

### **11) Stimulates investment outside TIF district boundaries**

## **REDEVELOPMENT COSTS ELIGIBLE FOR TIF FINANCING**

TIF funds may be used for costs that will permit previously developed properties to compete with vacant land at the edge of the urban area. State legislation authorizes that TIF funds may be used for:

- **Property acquisition**
- **Rehabilitation or renovation of existing public or private buildings**
- **Construction of public works or improvements**
- **Job retraining programs**
- **Relocation**
- **Financing costs, including interest assistance**
- **Studies, survey and plans**
- **Professional services such as architectural, engineering, legal, property marketing and financial planning**
- **Demolition and site preparation**
- **Day care services**

More Illinois Tax Increment financing information available @ <http://www.illinois-tif.com/FAQs.htm>.

Questions regarding the City of Monmouth TIF District should be directed to Mayor Rod Davies at 309-734-2141.