

The Facts about



TIF (Tax Increment Financing)

TIF is a method to fund improvements to **public** infrastructure by using future gains in new tax revenue from a development. The gain in new tax revenue is the "Tax Increment".

Examples of the types of improvements funded by TIFs include:

- + Streets
- + Sidewalks
- + Public landscaping
- + Public Utilities

There are two important facts to understand about TIFs:

1. TIFs can only be used to fund **public** infrastructure improvements (such as the examples above). TIFs cannot be used to fund private improvements to private property or developments.
2. The improvements contemplated by TIFs are paid for out of the incremental taxes created by a project as a result of new development. If there are no additional taxes paid, the obligation for the improvements rests with the private development.

TIFs fund public improvements that, while needed may have been neglected over time. The needed improvements are funded through the promise of future NEW taxes as a result of private investment. If the new taxes do not materialize, the obligation for the improvements rests with the associated private development.

The result is a win-win-win for citizens, government and private developers. Needed public improvements are made while leveraging new economic opportunity without depleting current city resources.

TIFs are typically used in distressed areas which need economic development. They are utilized throughout the United States with regularity.

For more information, visit the Pilot and TIF page of the Baltimore Development Corporation's website:
<http://www.baltimoredevelopment.com/pilots-tifs>.