

Economic Development 101  
Tools in the Toolbox  
Tax Increment Financing (TIF)

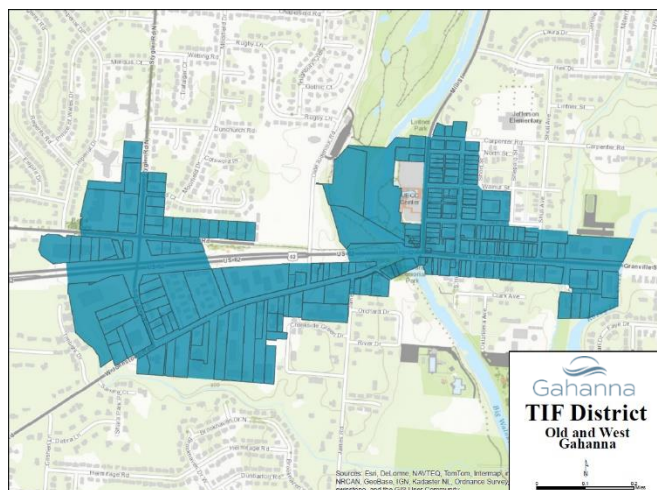
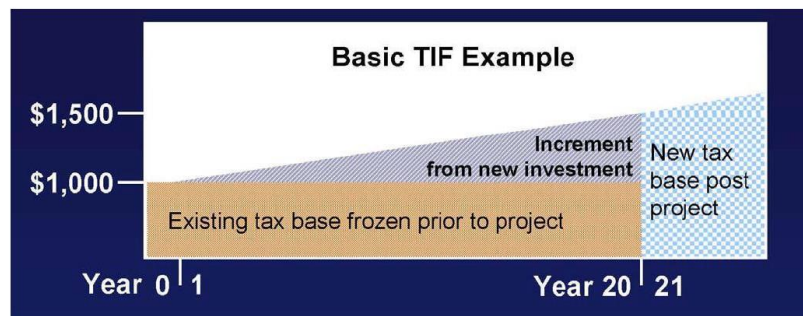
Tax Increment Financing (“TIF”)<sup>1</sup> enables local governments to finance public infrastructure improvements through the increased taxable value of improved land served within the TIF District.

To enact a TIF, the local governing body must declare improvements to certain parcels of real property within its jurisdiction to be a public purpose via resolution or ordinance. This declaration should include:

- The time frame the TIF or incentive district will be in place.
- The percentage of improvements that will be exempted from real property taxation.
- A list of improvements to be made and a declaration that any improvements to private property within the specified area serve a public purpose.
- At least one project either planned or currently underway that will depend on the improvements proposed in the resolution.
- The boundaries of the district.
- Whether payments in lieu of taxes (“PILOT”s) will be required of the owner of the exempted real property and the amount of PILOTs and other funds required to be paid to the municipality or local school district in connection with the public infrastructure improvement.

How It Works

A base property tax of a given parcel (or parcels) is frozen for the period of time defined in the TIF agreement. From there, the new property tax increase – or “increment” – is then dedicated to the pre-determined public improvements associated with the development.




Local Example of a TIF District

As reported at the 2021 Tax Incentive Review Commission (for Tax Year 2020)

Date of Ordinance	TIF Funds Reimbursements				Expiration Date
	Private Investments		Public Investments		
ORD-0214-2005	Value	Status	Value	Status	
12/27/2005	N/A	N/A	\$ 104,286	Complete	2036

Township, walnut design. Encumbrance is for Walnut and Carpenter design/construction	
2020 Actual	Actual YTD
Starting Cash Balance	\$ 605,266
Revenue	\$ 259,052
Expenses	\$ (89,054)
Encumbrances	\$ (297,129)
Balance	\$ 478,134

The bar chart shows financial data from 2016 to 2020. Revenue (blue bars) and Expense (red bars) are shown in thousands. Balance (green line) is also shown in thousands. Revenue and Expense are relatively stable around \$200,000 and \$180,000 respectively. The balance starts at approximately \$350,000 in 2016 and increases to over \$500,000 by 2020.

<sup>1</sup> To learn more, please visit: <https://development.ohio.gov/wps/portal/gov/development/business/state-incentives/tax-increment-financing>