

THE BASICS OF TAX INCREMENT FINANCING



WHAT IS TIF?

Short for “tax increment financing”, TIF is a funding tool used by the City and Downtown Development Authority (DDA) to develop, construct and maintain critical public infrastructure throughout downtown. TIF is also used to fund core programs and services (e.g., trash removal, public restrooms, etc.) throughout downtown. The TIF tool is utilized by municipalities throughout Michigan to support investments in public infrastructure in their downtown.

HOW DOES TIF WORK?

The property tax generated within the downtown district at the time of the TIF districts formation is set as the “baseline”. As development occurs within the TIF District over time, the property values increase, generating additional tax revenue. A portion of that additional revenue (above the baseline) is harnessed by the City and DDA and used to fund public infrastructure projects, maintenance and essential services throughout the downtown district.