

Tax Increment Financing - TIF

Tax increment financing is an economic tool used by cities to finance certain types of development costs. The primary purpose of TIF is redeveloping blighted areas by providing public improvements, encouraging private investment, providing employment opportunities, and improving the tax base.

How TIF works

The TIF process involves issuing bonds to finance private and public investment in an area that is considered blighted and depressed. The city issues the bond and is allowed to pay it back with the increase in local property taxes that result from the improved status of the property. The assumption is that the redevelopment will provide new and added value, an increment, which can be used to pay back the bond which financed some of the site improvements.

Illinois TIFs

- Illinois' law stipulates that the districts cover only "blighted" or "conservation" areas where development would not occur "but for" the presence of the district.
- Only municipalities have the authority to set up TIF districts.
- Illinois allows TIFs to remain in effect for 23 years.
- Municipalities are required to file a detailed annual TIF report with the Illinois Department of Revenue and the State Comptroller's office.

Classifications of TIF Districts in Illinois

Type	Number	Percent
1. Central Business District	98	24%
2. Shopping Mall/Commercial Strip	52	13%
3. Industrial	61	15%
4. Mixed Development	178	43%
5. Housing	26	6%
TOTAL	415	100%

Authorized uses of TIF funds include

- Land acquisition
- Building demolition
- Rehabilitation or repair of existing public or private buildings
- Construction of public works or improvements
- Site preparation
- Job retraining programs
- Relocation
- Financing costs, including interest assistance
- Studies, survey and plans
- Professional services such as architectural, engineering, legal, marketing and financial planning

Rockford TIF Districts

1. Eastside (downtown)
2. Westside (downtown)
3. Seventh Street
4. South Rockford
5. South East Affordable Housing

