

WHAT IS A TIF DISTRICT?

At the League of Women Voters forum in Peterborough on May 6, 2019, there was confusion over the definition of a TIF District. Outgoing Peterborough selectboard chair Barbara Miller here shares her notes from previous town meetings, which help explain how a TIF district works

Since the first TIF law passed in 1952, **tax increment financing** (TIF) has spread throughout the nation. It has become a useful, effective tool for towns to finance public capital projects without having to raise property taxes. 49 states allow TIF Districts, currently more than 20 TIF Districts in New Hampshire. It is not a new financing tool. It has been around and it's been successful.

The purpose of a TIF District is to provide funding for public improvements, such as new construction, expansion or renovations that are intended to stimulate positive economic development.

Types of Improvements we can make with TIF money include, but are not limited to:

- New or upgraded streets
- Sidewalks
- Traffic signals
- Sewer collection & disposal
- Street lighting
- Public water supply
- Parking
- Landscaping
- Bridge construction and repair
- Pedestrian friendly amenities
- Bike path lanes
- Storm water management

A TIF District is defined by specific geographic boundaries.

On the date of formation, our assessor certifies the base value of property within the geographic boundaries of the district – “original assessed value” The original assessed value is “frozen” and property tax revenues generated from the original assessed values continue to flow to the general fund. Not affected by the TIF.

Increased property values within the geographic boundaries of the district, due to development or renovation, are identified each year by our assessor – These are “captured assessed value.”

Up to 100% of the taxes generated by the “captured assessed value” can be used to pay for public improvements.

How do you decide on a TIF District. Looking for areas of the community where new development or redevelopment is likely to take place while also looking for those locations where public improvements are needed. One good feature of the State legislation is that if circumstances change, you can shift the boundaries of the District during the first 5 years after it is established. All TIF Districts have a plan and a date at which the TIF is dissolved or extended (by warrant article approval).

After the TIF is established, the existing tax value (aka original assessed value) of that district will continue to be distributed in the regular way – 60-70% to schools, 6-8% to County and the rest to the town.

Does TIF take money away from the schools?

The simple answer is no. The whole purpose of a TIF district is to stabilize, retain or expand our town's tax base, which is essential for maintaining adequate school funding.

The existing tax base is left untouched, assuring full funding of the school district, county and general fund needs. When the TIF district has served its purpose, the result is usually an expanded tax base, which makes more money available to support our schools.

Because TIF only works with future potential taxes without disturbing existing funding, TIF has been fully supported by the ConVal School District.

Once public improvements in the district have been paid for, the increased tax value of the district would become part of the general revenues of the town and benefit everyone.

How is the plan administered? Strong oversight is important.

1. Every District must have an Administrator - EDA (Economic Development Authority) and OCD (Office of Community Development) Director
2. Every District must have an Advisory Board - made up of a majority of owners or occupants of property in or adjacent to the district
3. All plans, contracts and financial disbursements must be:
Made through the Advisory Committee
Approved by the EDA and the Board of Selectmen
Monitored by the Office of Community Development (OCD)