



### **What is a TIF District?**

Tax Increment Financing (TIF) is a public tool that reallocates newly generated tax dollars for up to 25 years for supporting development or redevelopment in certain limited areas of a city, town, or county. In Oklahoma, the terms and conditions for using TIF are provided in the Local Development Act (62 O.S. §§850-869), enacted by the State in 1992 and has been amended several times.

### **What is the purpose of TIFs?**

Tax Increment Financing is used to help generate private development projects, through the funding by tax dollars, for public improvements and other eligible project costs.

### **How does a TIF work?**

The government borrows money to invest in the development, typically for incentives or public infrastructure. The loan is repaid by capturing a portion of the taxes generated by the development.

### **Does this take money away from the schools or local government?**

No, the agencies that receive tax revenues for funding, referred to as “taxing jurisdictions”, continue to receive the same revenues they received before the district was created. Only new revenues generated by the development are captured to repay the loan.

### **What happens once the loan is repaid?**

Once the loan is repaid, the TIF district expires and 100 percent of the tax revenues are apportioned to the taxing jurisdictions.

### **How does this benefit the community?**

The new development generates more tax revenues. This means more money is available for the agencies that depend on tax revenues for funding, such as schools and city and county government.

### **How may TIF revenues be used?**

TIF revenues may be spent only for publicly approved project costs within a specific geographic area, known as the Project Area.

- The Local Development Act defines project costs to include a wide range of public expenditures including:



- Cost of public works, public improvements, land acquisition, clearance, and grading
- Financing, professional services, administration, interest fees
- Assistance in development financing for private projects

### **Where can a TIF districts be established?**

#### Reinvestment Area:

- an area requiring public improvements in order to reverse economic stagnation or decline,
- to serve as a catalyst for retaining or expanding employment,
- to attract major investment in the area,
- to preserve or enhance the tax base,
- where 50% or more of the structures are least 35 years old; or
- an area that is blighted as defined in the Urban Renewal Act.

#### Historic Preservations Area:

- area or structure listed in, or nominated to, the National Register of Historic Places and subject to historic preservation zoning

#### Enterprise Area:

- An area within a state or federal enterprise zone.