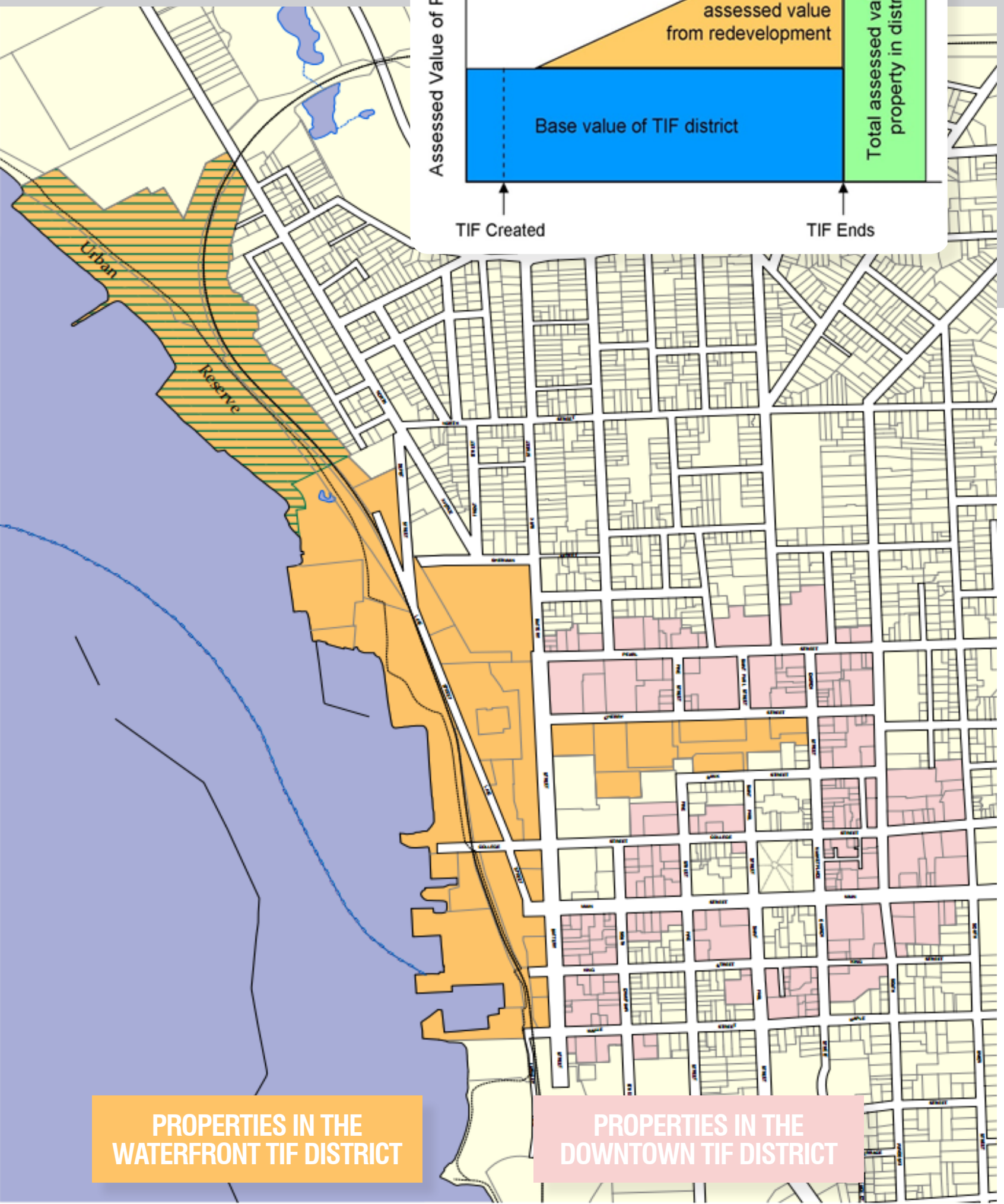
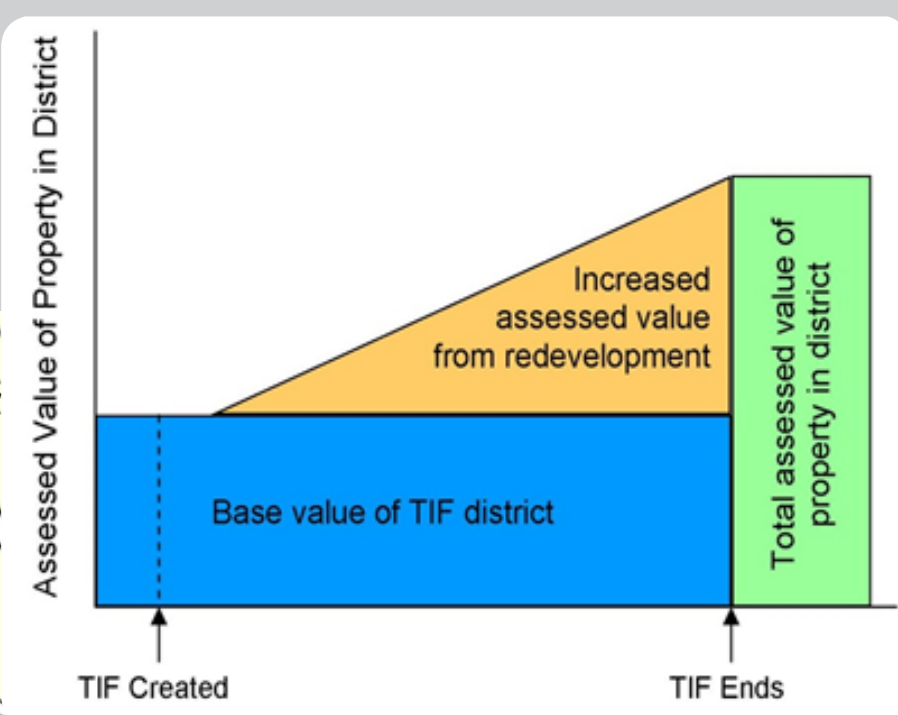




FAQ about Tax Increment Financing (TIF)

WHAT IS TIF?

TIF is a long-term tool that uses incremental tax revenue over 20 years to repay debt. Investment debt will be repaid with the incremental tax revenue of the district, not just one particular project.



WHAT IS A TIF DISTRICT?

A municipality establishes a TIF district within an area requiring public infrastructure to encourage public and private real property development or redevelopment.

When the municipality creates the district, the existing property values for properties within the district are recorded; this is the Original Taxable Value (OTV). These properties already generate a certain amount of tax revenue for both the municipality and the State Education Tax Fund. Revenues generated by the OTV will continue to go to the taxing entities (municipal and State) throughout the life of the TIF district. However,

as the property value increases due to TIF-financed improvements, so does tax revenue generated by the district as a whole - this increase is the increment. The municipality incurs debt to build public infrastructure that will allow for real property development and

WHAT IS THE “TAX INCREMENT”?

The tax increment is the additional new property taxes generated within the TIF district above the OTV, based on the assessed value increases for properties within the TIF District during the life of the District.

WHO MONITORS THE TIF DISTRICT?

The City's Treasurer's Office manages the debt and incremental tax revenue. The City submits an annual report to the State Dept. of Taxes regarding property taxes and the incremental taxes withheld for TIF debt repayment.

HOW DO WE ENSURE TIF FUNDS WILL BE USED AS INTENDED?

The City's Treasurer's Office and the State Department of Taxes are required by statute to satisfy the various reporting requirements concerning the use and operation of the incremental tax revenue.

WHERE ARE THE TIF DISTRICTS?

The map at left shows the City's TIF boundaries of the two, separate districts. These two TIF Districts are entirely separate - both geographically and legally.

The Waterfront TIF District was opened in 1996 under an old State statute. It is governed by different rules and has its own projects and investments.

The Downtown TIF District is located in a portion of the Designated Downtown and is brand new under current State Statute. This has an entirely new set of project opportunities and public infrastructure needs.

HOW WILL TIF AFFECT MY TAXES?

There is no impact on taxes. TIF is devised to use the incremental future property tax revenue, not additional taxes, to pay for the debt incurred to finance infrastructure improvements within the District. Incremental property tax revenue is calculated based on the increase of property values within the TIF District since the date of its creation. Past improvements have led to redevelopment of properties and the resulting increased property tax revenues fund the cost of the infrastructure, with new economic development creating growth in the tax base.

In Burlington, TIF is considered to be a special revenue fund; the City has a distinct and separate fund that tracks both the TIF revenue and tracks all the payments of debt service. Only debt authorized by City Council for TIF investments is allowed to be expensed in this separate TIF fund.

The Clerk/Treasurer's Office keeps a list of approved TIF debt and records all debt service payments directly to the fund. Likewise, the Treasurer's Office records the incremental property tax revenues to the TIF fund. From year to year, the revenue and debt service payments vary and do not equal each other, although they are usually close, so the fund has a running balance.