



LOVE YOUR NEIGHBORHOOD

What Is A TIF?

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*Adapted from Gillmore Bell Economic Development Tools
and the Missouri Department of Economic Development*



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DEFINITION

Tax Increment Financing (TIF)
TIF is the responsibility of State Government

AUTHORIZATION

Section 99.800, 99.845.4 -, 14, RSMo

PURPOSE

Facilitate the redevelopment of blighted areas by providing essential public infrastructure.

ELIGIBLE APPLICANTS

Municipalities

ELIGIBLE AREAS

To be eligible for TIF funding, a redevelopment project must meet each of the following:

- The redevelopment project area must be blighted.
- The redevelopment project area must be located in:
 - A state enterprise zone,
 - A federal empowerment zone,
 - An urban core area, or
 - A central business district.
- The zone or blighted area must contain at least one building that is 50 years of age or older.
- The redevelopment project area, over the past 20 years, must have experienced a generally declining population or generally declining property taxes.

PROGRAM BENEFITS/ELIGIBLE USES

When a redevelopment project has a funding gap, a municipality can apply for a portion of the new revenues created by the project may cover the money gaps for eligible redevelopment costs on the project.

To be eligible for TIF, the project must dedicate at least 50% of the amount of the new local sales tax (and earnings tax in St. Louis) revenue and 100% of the amount of the new real property tax revenue created by the project each year for the project expenses.

A project may be approved to receive up to 50% of the net new state sales tax revenue (general revenue portion only; excluding dedicated taxes) generated in the project OR up to 50% of the increase in state income tax revenue from net new jobs in the project area. An applicant, however, cannot receive both.

TIF may be awarded for a period of up to 15 years (a longer period may be requested, but not to exceed 23 years).

The TIF project funds may be derived from a bond issue (retired with the local and state incremental revenues), or a reimbursement to the developer for eligible costs.

ELIGIBLE COSTS MAY INCLUDE THE FOLLOWING

- Studies, surveys, plans and specifications,
- Land acquisition, land preparation,
- Rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures,
- Construction of public works or public improvements,
- Professional services, such as architectural engineering, legal, financial and planning, and
- Financing costs, such as expenses of issuance of bonds.

FUNDING LIMITS

- A redevelopment project will not receive funds until it generates increment (increases in value).
- A redevelopment project cannot receive more than half of the increased amount of state sales tax or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. The law does not allow an annual appropriation to exceed \$32,000,000.

EXPENDITURES MADE PRIOR TO TIF APPROVAL CANNOT BE REIMBURSED.

Reference Links:

Gilmore Bell Summary of Economic Development Tools

[www.gilmorebell.com/Economic_Development_Memo_\(2016\).pdf](http://www.gilmorebell.com/Economic_Development_Memo_(2016).pdf)

City of St. Louis, List of TIF Projects

www.stlouis-mo.gov/government/departments/slhc/documents/upload/Summary-of-TIF-Redevelopment