

Name of Funding: Tax Increment Finance Zone (TIF)/ Tax Increment Reinvestment Zone (TIRZ)

Focus of Funding: Economic Development in specific area

Eligibility Requirements:

For local government: Can not exceed 15% of tax base, needs a declaration that area would not develop without help, other agencies can participate, only 10% of land can be residential, and must have a master plan for district's revenue.

For recipients: Must be consistent with master plan.

Funding Mechanism: Funding comes from *additional* property or sales tax revenue generated by development up to maximum lifetime amount or over 20 years. The capture rate can be less than 100% of additional tax revenue.

Maximum amount

For local governments: There is no maximum numerical amount, only that a maximum amount must be stated at time of charter, and that it can exist for a maximum of 20 years. There are strong limits of school participation.

For recipients: No restrictions required by state.

Other rules of the program: Can not issue debt without approval of city, and can not raise a tax on the district. Other agencies can participate.

Advantages of the program: It is created by city ordinance, does not increase tax burden within development, lacks many of the restrictions that limit city spending, can only use additional revenue, board appointed by city, and is popular in cities with mass transit.

Drawbacks of the program: Directs tax revenue from general fund to single neighborhood, must state "area's condition impairs city's growth," district is limited to 10% residential and less than 15% of the city's tax base at the time it is created. If program takes on too much debt, city will have to cover the short fall.

Case Study Example: Over 60 in the region.

City of Dallas- State-Thomas TIF

http://www.dallasecodel.org/images/community_redevelopmentarea_redevelopment/tif/statethomas_report_2008.pdf

Los Colinas in Irving: <http://www.irvingtif.com/>

Sources: <http://www.window.state.tx.us/taxinfo/proptax/registry04/zone.html>

The City of Dallas created a Transit-Oriented Development (TOD) TIF in 2008, to encourage dense, pedestrian friendly TODs adjacent to DART light rail stations. The four sub-districts include: Lovers Lane/Mockingbird station area, Cedars West, Lancaster Corridor area, and Cedar Crest area. For more information please click here: <http://www.dallas-ecodev.org/business/tifs/todTIF.htm>