

## **Tax Increment Financing (TIF)**

Tax Increment Financing is a financing tool that cities can use to encourage economic development, redevelopment and housing development.

### **Do Winona residents pay for a portion of the project with their taxes?**

No taxes from residents outside the TIF area are diverted to the project. The increase of taxes paid as a result of the development in the district, pay for part of the eligible development costs.

### **What can TIF be used for?**

TIF is used for land or building acquisition, demolitions, site improvements or infrastructure such as utility relocation, streets, parking , water, sewer, storm water, etc.

### **What happens to the existing property taxes that are paid on the property?**

The property taxes continue to be paid on the property. When the TIF is decertified all of the new taxes are distributed to the taxing entities.

### **Why is TIF used?**

TIF helps cities to stimulate development activity to preserve and grow their local economies, which contributes to their economic health and vitality. It does not draw funding away from the existing tax base or other taxing entities.

### **What study or plans are there adopted by the City that support this?**

The Comprehensive Plan adopted by the Council promotes development, redevelopment and economic development. The City Housing Plan and Downtown Plan also support the use of tools to assist in development.

### **Are other Cities using TIF?**

There are 1,648 TIF's in Minnesota. Approximately 1,043 in greater Minnesota and 605 in the metro area (2020)