

WHAT IS TAX INCREMENT FINANCING (TIF)?



The Traverse City DDA was formed in 1978 and in 1997, the city commission approved the Tax Increment Financing Plan (TIF 97) to use TIF funds to fund public infrastructure, upgrades, and maintenance development activities. Since then, Traverse City has become the business and commercial hub of Northern Michigan. As such, downtown TC serves the regional community and over 50,000 daily visitors from outside the city.

- TIF and the DDA are distinct from each other. The DDA still exists without TIF.
- The tax capture in TIF only occurs on assessed property in the TIF district (non-district city residents do not pay in).
- Under TIF-97, the property tax generated within the district at the time of the TIF formation is set as the “baseline.”
- As development occurs within the TIF District, the property values appreciate, generating additional tax revenue that is captured by the city to fund the public infrastructure projects.
- **TIF is the only mechanism to provide regional financial support so that 15,000 city residents don’t have to carry all of the financial burden for maintenance of facilities that see 50,000 visitors daily.**
- TIF funding supports critical physical improvements and services that create a vital downtown. Some examples include parking structures, streetscape improvements, farmer’s market, downtown cleaning, holiday lights, and downtown planting programs.
- The City Commission must approve a TIF plan based on identified needs within the community.
- **Without TIF in Traverse City, the city would lose approximately 43% of financial support from our regional taxing partners while assuming 100% of the maintenance costs of downtown infrastructure.**
- If TIF is not renewed, the city will have to fill a \$1.7 million hole in one of three ways:
 - Raise taxes
 - Cut other critical services
 - Allow the infrastructure to deteriorate and projects to halt

