

What costs are eligible for TIF consideration?

The following is a direct quote from the Illinois Tax Increment Association website:

“Types of Eligible Costs

The eligible uses for TIF funds are provided in Illinois’ Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 through 11-74.4-11): the TIF Act.

The Illinois TIF Act generally authorizes that TIF funds may be used for:

- The administration of a TIF redevelopment project.
- Property acquisition.
- Rehabilitation or renovation of existing public or private buildings.
- Construction of public works or improvements.
- Job training.
- Relocation.
- Financing costs, including interest assistance.
- Studies, surveys and plans.
- Marketing sites within the TIF.
- Professional services, such as architectural, engineering, legal and financial planning.
- Demolition and site preparation.

Some restrictions may apply, so review the full Act for the list of TIF-eligible costs.”

While the list above is broad, it is not all encompassing. Note what is missing from this list: routine maintenance items like a new roof, replacing HVAC, water heaters, painting, etc. probably do not fit into the criteria to qualify for TIF consideration. Basically, any costs that do not contribute to enhancing the Equalized Assessed Valuation (EAV) of the property may not be eligible for TIF consideration. TIF District managers and city officials must be wary of projects that seem worthy of consideration, but do not fit the TIF-eligible requirements. As stated previously, enhanced EAV must be the primary focus for any TIF project.

Some proposed projects may improve the appearance of a property, but not increase the EAV. Other projects may generate increased sales or employment, and as a result increase sales and income tax revenues, but not increase the EAV. Projects such as these may be attractive to city leaders, and no doubt might provide some benefit to the community, but they may not qualify as being TIF-eligible. Caution must be exercised to make certain that “attractive” projects such as these fit within the parameters of a TIF project and actually do what they are intended to do - increase the EAV.



This is my fourth and final article regarding TIF Districts. Hopefully the information presented in these articles has been enlightening. For more details please visit <http://www.illinois-tif.com> or <http://tifillinois.com>. I encourage you to visit these sites, educate yourself, and then attend your local TIF District board meetings. Your tax dollars fund these projects, and your attendance, and attention will let your local officials know you are both interested, and involved in how your community is being managed. Education is empowerment. Be an empowered voter.

Thanks for reading; Bob.