



The City's Tax Increment Financing (TIF) strategy is designed to transform Cleveland and reverse decades of economic decline. Tactically using TIFs as part of the City's broader economic development strategy will, in the long run, grow the City's and region's economy to the benefit of all and grow the pot of resources available to the City and our partners.

In November, five TIF extensions were approved that will allow the City to renew and transform existing TIFs to use the funds on public improvements. Additionally, the City is preparing to propose a comprehensive TIF strategy, primarily in Cleveland's downtown, to support transformational investments in the lakefront, riverfront, and neighborhood parks. Using TIFs is critical to delivering on Cleveland's potential. The positive impacts of these investments will benefit the entire region.

### What is a TIF District?

A TIF (tax increment financing) district is a designated area where a portion of **new tax revenue** generated by an **increase** in property values contribute to a separate fund designated for authorized direct investments in our community instead of normal taxing jurisdictions.

How it works:

1. A city puts a TIF in place.
2. Over time, property values within the TIF rise. Property owners continue to pay property taxes, but a portion of the taxes from that **increased** property value are contributed to a separate fund.
3. Those funds can be used by the city for authorized direct investments in our community, such as roads, parks, etc. Debt is often issued to generate more money upfront.

### How has the City used TIFs and how is this TIF Strategy Different?

Cleveland has historically used TIFs on a project-by-project basis to fund a particular project (example: a new grocery store or hotel). The City's new approach extends this tool in a more strategic direction by focusing on targeted infrastructure investments that will enable future development and growth.



### **Has this been done before?**

TIFs have been successfully utilized across the State and the country. Large cities such as Columbus and local suburbs such as Independence use similar models to create and sustain catalytic growth for their cities.

### **How are schools impacted by TIFs?**

Maintaining and supporting CMSD's fiscal health is a guiding principle of the City's strategy. The City's default approach is to establish "non-school" TIFs, which means that CMSD will continue to receive the amount of property tax payments that would have been payable to the school district if there were no TIF. Any TIF that impacts "school portion" of property tax payments requires a compensation agreement between the City and CMSD.

### **How do TIFs affect the County and other taxing entities?**

TIF Districts will not reduce current taxes paid to entities that receive a share of property taxes. The City is making bold and strategic investments to grow the City's and County's economy, which will lead to revenue growth in income tax, sales tax, and property tax across the entire region. These increases should greatly exceed any anticipated decrease in revenue to the County and other overlapping entities affected by a TIF District.

