

WHAT IS TAX INCREMENT FINANCING? (TIF)



The Missoula Redevelopment Agency (MRA) uses TIF to create a new revenue stream that funds critical community improvements. TIF is a tool that can be used in an urban renewal district. Follow the flow of the river from 1 to 7 to see how it works.

WHERE DO PROPERTY TAXES GO?

Property taxes are split among many entities like the City (30%), the County (20%), and the School Districts (45%) and special districts (5%).

1

ORIGINAL REVENUE

BLIGHTED AREAS NEED HELP

Some parts of Missoula suffer from a lack of housing, commercial development and basic infrastructure such as sidewalks and water lines.

Without help, property values decrease and funds for essential City services get smaller and smaller.

2

FUNDING COMMUNITY NEEDS

MRA staff works with the community to make a plan and then City Council creates a district to help a struggling area recover and grow. State laws define the life of a district.

3

ORIGINAL REVENUE

TWO REVENUE STREAMS

Once a district is formed, the City, County, and the School Districts continue to receive the same revenue stream from property taxes. New development in the district increases property tax revenue. The difference between the old tax amount and the new tax amount is called the tax increment, and it creates a new revenue stream which is used for further investment in that district.

5

PUBLIC/PRIVATE PARTNERSHIPS MAKE THE FUND GROW

Early in a district's life, the MRA encourages new private projects in the district by investing in infrastructure that benefit the community like sidewalks, street trees, historic preservation and more. Public/private partnerships are necessary to build the revenue to fund public projects.

4

ORIGINAL REVENUE

TAX INCREMENT REVENUE

TAX INCREMENT REVENUE

PRIVATE DEVELOPMENT FUNDS PUBLIC PROJECTS

Over time, as the fund increases, the MRA puts those dollars to work funding public projects like housing, parks, trails, and crucial neighborhood infrastructure.

7

PERMANENT INCREASED REVENUE

AT THE END OF A DISTRICT, THE REVENUE INCREASE GOES TO THE CITY, COUNTY, AND SCHOOL DISTRICTS

When the district ends, the two revenue streams come back together and the City, County, School Districts, and other taxing entities continue to get their original tax revenue plus the new revenue that continue to fund public projects.

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