

What is a TIF and Why Would We Want One in Sugar Grove?

On April 12, 2011 the Village Board made the decision to look into the possibility of creating a Tax Increment Financing (TIF) District. TIF funds can be used for a wide range of purposes within the TIF District boundaries to promote redevelopment. TIF districts are rarely understood and usually when one hears "TIF District", they think of an area that is blighted or the cry goes up, what about the taxes for the districts that need the taxes.

What is a Tax Increment Financing? The key word here is increment. The way a TIF works is that it freezes the tax amount allocated to taxing bodies at the level they received at the start of the TIF. The amount received by these taxing bodies remains constant for the life of the TIF, which is no more than 23 years, however, is typically less. The TIF District is funded by any rise, or the increment in tax revenues, collected as a result of an increase in property values. For example, if a property pays \$100.00 dollars at the beginning of the TIF and the tax raises to \$150.00 the TIF District Fund receives the increment of \$50.00. The original \$100.00 continues to be allocated in the same manner as before the TIF was established.

Residents, the business community, and other governmental bodies have long expressed their desire for economic growth, for the expansion of services, and the expansion of the non-residential tax base. The Village has long believed the industrial areas around the airport are a prime location for this type of development. However, this area needs significant infrastructure improvements such as water, sewer, high speed data access, and roadway connectivity to attract users in today's market place.

It is believed that these needed improvements may be feasible if a TIF District were to be implemented. While a TIF can be a powerful tool to facilitate economic growth, thorough consideration and planning is needed prior to establishment of a TIF District. The Board has awarded a contract to Teska Associates, Inc. to prepare a study to assist them in deciding if a TIF district is feasible and appropriate for the area. Should it be determined that a TIF is appropriate there are many steps that must be followed prior to the implementation. Most importantly all taxing bodies must convene jointly to discuss and review the TIF and public input obtained prior to establishment.

Although at this time the idea of a TIF District is in the conceptual stage it is the Village's belief that the distribution of information as early as possible is important to the success of any project, large or small. From a projects inception, through the research and planning stages, to the design and build out, the community's involvement and understanding is vital to its success.

You are encouraged to stay informed about not only about this study and the possibility of a TIF District, but to stay informed on all Village news and events. Should you have any questions regarding this or any Village related matter please contact us at vclerk@sugar-grove.il.us or by calling 630-466-4507 ext. 24.