

# TIF FAQs

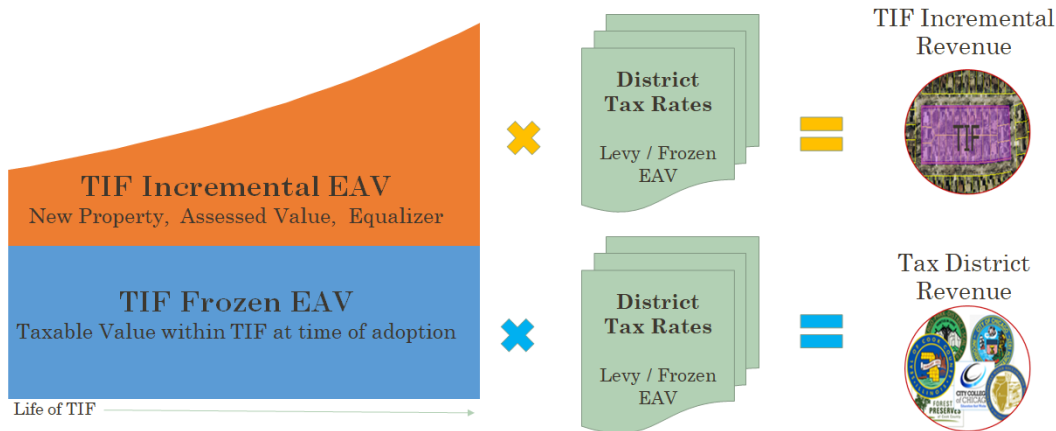
## What is a TIF?

"TIF" stands for Tax Increment Financing, a statutory financing tool that municipalities can use to generate funds for economic development in a specific geographic area. TIFs allow municipalities to re-invest all tax dollars generated by value growth within the TIF district for typically a 23-year period.

A TIF district generates revenue when a new development takes place in the TIF district, or if the value of existing properties rise due to the increased market value of the properties in the TIF. These funds can be spent on public works projects or given as subsidies to encourage private development. TIF revenue can also be used by a municipality to acquire private property and demolish buildings to make way for new construction.

## How is TIF revenue determined?

When a TIF is established, the County Clerk certifies the initial taxable value (also known as equalized assessed value or EAV) within the TIF area. This initial or base value is then "frozen" for the life of the TIF. Taxing districts within the TIF have access to only the "frozen" value when their tax rates are calculated. If there is any increase in EAV within the TIF, the Clerk will then calculate that value growth, or "increment", that occurs in a TIF each year. That increment is multiplied by the composite tax rate of all the taxing districts in the TIF to establish the amount of incremental revenue to be directed to the TIF.



## Why is Cook County TIF revenue is up 17% this year?

As shown above, TIF revenue is driven by tax rates and the growth in taxable value (EAV) that occurs within the TIF area. Of these two factors, growth within the TIF has a larger impact on TIF revenue.

Taxable values in Cook County are up 5% overall this year. More specifically, EAVs have increased 12.5% within the City of Chicago and decreased 2.4% in the suburbs. These increases and decreases have contributed to the 17.4% increase in Cook County TIF revenue, with a 27.4% increase in TIF revenue within the City of Chicago and a 1.6% decrease in TIF revenue in the suburbs.

Below is an example of how increasing EAVs impact the revenue generated within a TIF:

For instance, if the total taxable value (EAV) in a TIF were to increase 10% (from 100,000 to 110,000), the frozen value would remain the same (95,000) while the incremental value would see a larger percentage increase (5% of total EAV of the district to 13.6%):

Sample TIF	Prior Year Value	Current Year Value	Increase
Total Taxable Value	100,000	110,000	10%
Frozen Value	95,000	95,000	0%
Incremental Value	5,000	15,000	200%
Portion of Revenue to TIF	5%	13.6%	172%



As the example above illustrates, when taxable value increases combined with increases in tax rates, TIF revenues increase more rapidly than would traditional property taxes.

### What happens to TIF funds?

The statutory intent of TIF is to revitalize economically blighted areas or older structures in need of renovation and rehabilitation. With active community participation, TIFs can be a useful tool for implementing community-based revitalization plans through encouraging affordable housing development, improving parks and schools, fixing basic infrastructure, putting vacant land to productive use, creating well-paying jobs, and meeting other local needs.

TIF revenue is administered by the municipality, which has wide discretion over how TIF revenue is spent as defined in the approving ordinance of each TIF. Additionally, municipalities are able to enter into Intergovernmental Agreements with schools and other taxing districts to utilize TIF funds for capital improvement projects within those districts.

### What is porting?

Statute allows a municipality to transfer TIF revenue generated in one TIF district to adjoining TIF districts to fund regional projects (65 ILCS 5/11-74.4-4(q)). This transfer of funds from one TIF to another is known as “porting”.

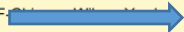
### What happens when a TIF retires?

The typical lifespan of a TIF is 23 years, though TIFs may be extended through legislation or terminated early by the municipality. There are two ways other taxing districts may benefit when a TIF retires: TIF Surplus and recovered TIF value.

- TIF Surplus may be declared by the municipality at any time during the life of a TIF, but normally it is declared after the TIF retires. The surplus is surrendered to the Cook County Treasurer, who distributes it proportionally to all of the taxing districts affected by the TIF.
- After a TIF has been retired, taxing districts, who were formerly only able to tax at the frozen value, are able to recover all of the “new” value (previously the increment value) within their boundaries which was going to the TIF. In the year the TIF retires, districts may increase their levies to receive a one-time revenue increase because of the addition of the increment value, without a corresponding increase in the tax rate applied to their taxpayers.

### Is my property in a TIF?

If your property is in a TIF district, it will be listed in the Municipality/Township Taxes section of your tax bill.

TAXING DISTRICT BREAKDOWN		
Taxing Districts	2018 Tax	2018 Rate
<b>MISCELLANEOUS TAXES</b>		
Metro Water Reclamation Dist of Chicago	38.68	0.396
Parks-Museum/Aquarium Bond	0.00	0.000
Chicago Park District	32.24	0.330
<b>Miscellaneous Taxes Total</b>	<b>70.92</b>	<b>0.726</b>
<b>SCHOOL TAXES</b>		
Board of Education Chicago	346.99	3.552
Chicago Community College District	14.36	0.147
<b>School Taxes Total</b>	<b>361.35</b>	<b>3.699</b>
<b>MUNICIPALITY/TOWNSHIP TAXES</b>		
TIF 	1,923.49	0.000
Chicago Special Service Area 34	23.84	0.244
Chicago School Bldg & Imp Fund	13.29	0.136
Chicago Library Fund	10.84	0.111
City of Chicago	152.88	1.565
<b>Municipality/Township Taxes Total</b>	<b>2,124.34</b>	<b>2.056</b>
<b>COOK COUNTY TAXES</b>		
Cook County Forest Preserve District	5.86	0.060
County of Cook	31.16	0.319
Cook County Public Safety	12.02	0.123
Cook County Health Facilities	4.59	0.047
<b>Cook County Taxes Total</b>	<b>53.63</b>	<b>0.549</b>
<b>(Do not pay these totals)</b>	<b>2,610.24</b>	<b>7.030</b>

You may also search your PIN on the Cook County Clerk’s TIF Property Search portal at:

<https://tif.cookcountyclerk.com> (See screenshot below)



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COOK COUNTY CLERK'S OFFICE

## TIF Property Search

Under Illinois law, Tax Increment Financing ("TIF") districts receive money from property taxes by utilizing increases in the value of properties located in the TIF. There is no tax rate for TIF districts. Instead, TIFs receive money based on tax rates generated by other districts' tax levies. Money is allocated to the TIF based on the composite tax rate for properties in the TIF and the incremental value of properties in that TIF (when compared to values when the TIF was established.)

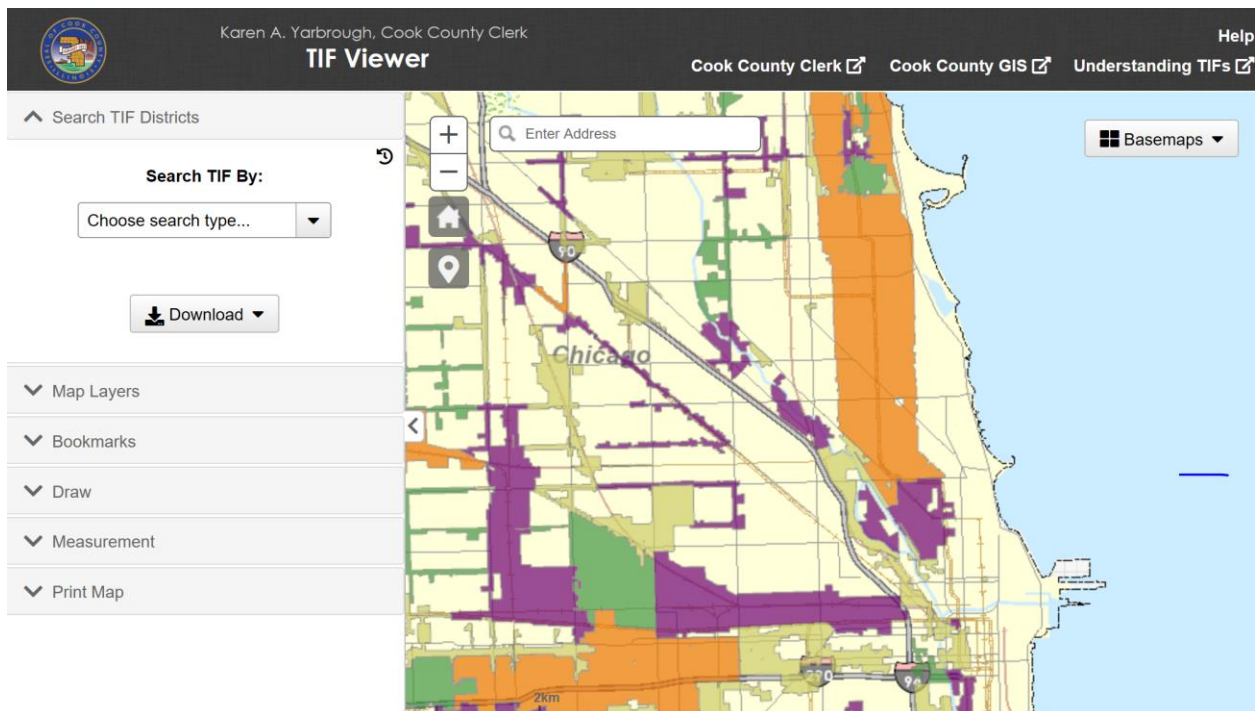
Currently, Cook County distributes tax revenue using "tax codes"—groupings of taxing districts commonly shared by the parcels in that code. Using the search function below, you may see if your property is in a tax code that contains a TIF and, if it is, you can view how tax revenue is distributed in that tax code.

First, enter your Property Index Number ("PIN") below to see if your property is in a tax code that contains a TIF for the current tax year:

\*Tax Year:  \*PIN:

You can also search your PIN on the Cook County Clerk's TIF Viewer mapping application. TIF Viewer is also a good resource to research individual TIF boundaries and revenue histories. You can find TIF Viewer at:

<https://maps.cookcountyil.gov/tifViewer/> (See screenshot below)

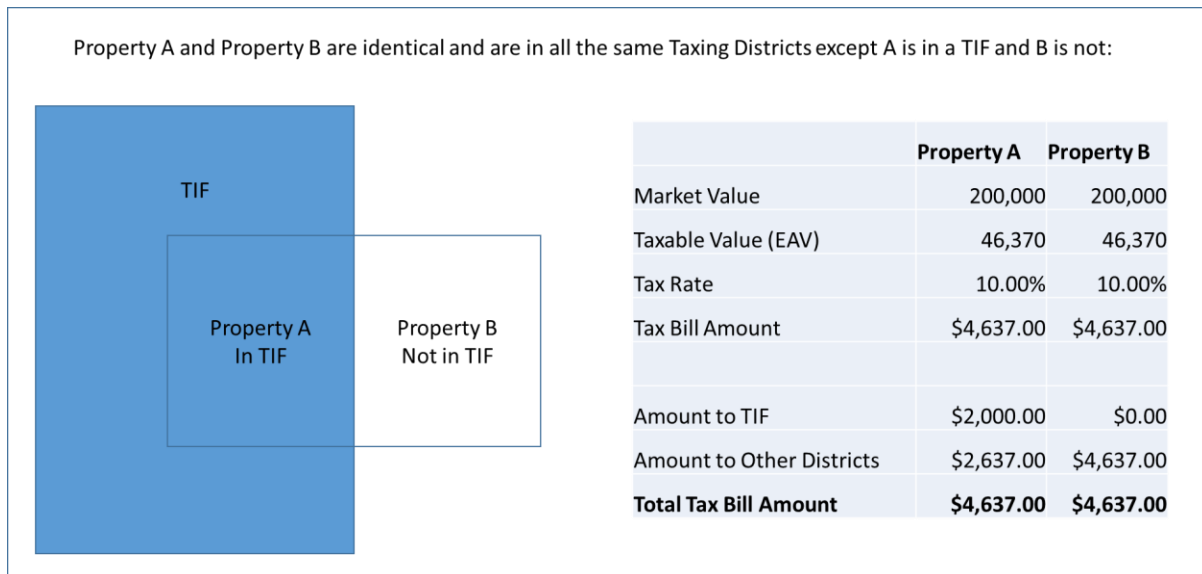


**My tax bill says that a percentage of my payment is going to a TIF. Does this mean that without the TIF my tax bill would be lower?**

Your tax bill is calculated based on the taxable value (equalized assessed value or EAV) of your property multiplied by the combined rates of all of the taxing districts which serve your property, regardless of

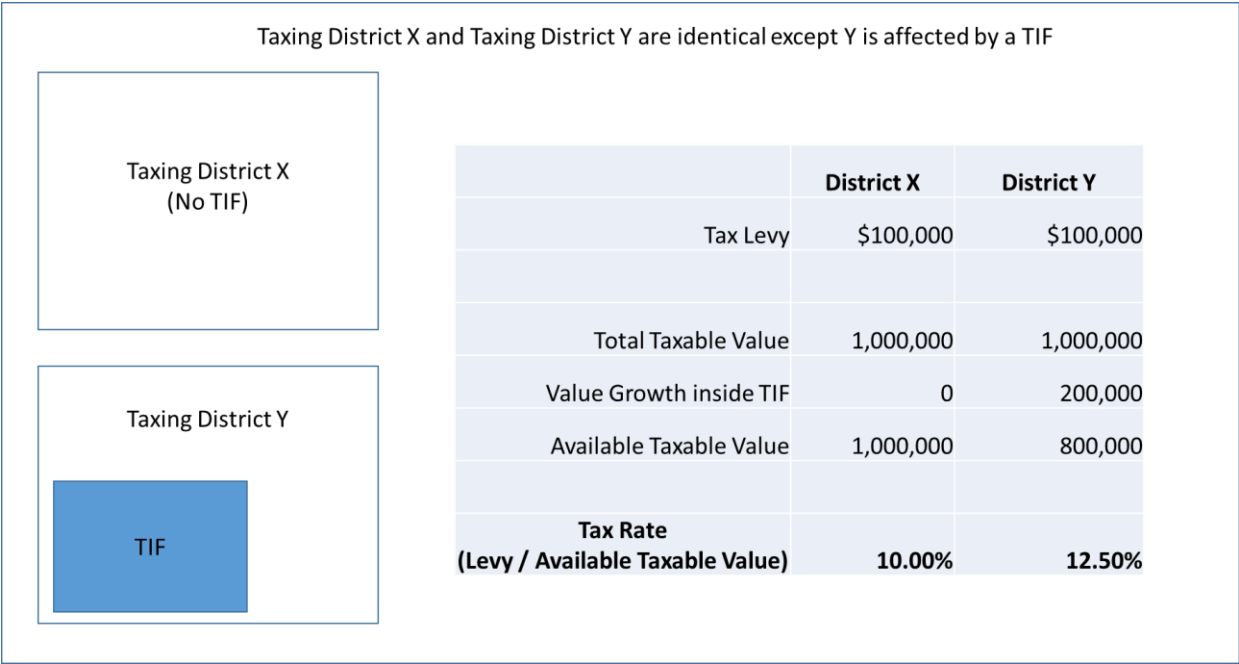
whether your property is in a TIF district or not. The difference the TIF makes is where your tax dollars are going.

As illustrated below, if a property is not located within a TIF, all of its tax bill goes to the taxing districts (municipality, school, park, etc). If a property is in a TIF, part of the tax bill goes to the TIF and the rest goes to the taxing districts. Thus, although each taxpayer is paying the same amount in taxes, the taxes are distributed differently.



Furthermore, a TIF will affect all those taxpayers within a taxing district that are subject to the TIF. Because a TIF captures the incremental value, which is no longer available to the other taxing districts, the tax levies of the other districts are now distributed upon a smaller amount of EAV which results in the tax rates of those districts being higher. Consequently, tax bills are higher for all properties in taxing districts affected by TIF.

As shown in the example below, where Taxing District X and Y request the same amount for their levy (\$100,000) but District X has no TIF, the levy for District X will be divided by the full taxable value or EAV (1,000,000). However, for District Y, its levy (\$100,000) is divided by the remainder of EAV, after the incremental value is given to the TIF, or the 800,000. Hence, the tax rate for District X without the TIF is 10% (1,000,000 / 100,000), where the tax rate for District Y with the TIF is 12.5%(800,000 / 100,000). Also note, the 12.5% tax rate is applied to all properties in District Y, regardless of the property being within the TIF boundaries or not.



*\*The above examples are purely hypothetical and do not represent actual properties or TIFs*

**What is a “Transit TIF” and what does it mean to my taxes?**

Generally, Tax Increment Financing (TIF) is a statutory financing tool that municipalities may use to generate funds for economic development in a specific geographic area. In a typical TIF, properties within the TIF area must meet certain criteria, such as blight, or other indicators of economic hardship in order for a TIF to be established. As stated previously, the other taxing districts, such as Schools, Park Districts, and Libraries, only have access to the frozen base taxable value within the TIF district at the time the TIF is created for the duration of the TIF (typically 23 years). And, any tax revenue generated from the value growth within the TIF is directed to the TIF itself.

However, Transit TIFs differ from traditional TIFs in that there is no hardship requirement and they may last for 35 years. Another major distinction of a Transit TIF is that part of the tax revenue generated from the value growth within the Transit TIF is distributed to the other taxing districts. (See 65 ILCS 5/11-74.4-8) The first Transit TIF in the City of Chicago is intended to modernize the north side CTA Red and Purple train lines with the assistance of revenue from Federal and State grants.

**My property is in the Chicago RPM1 Transit TIF.**

If your property is in Chicago’s Transit TIF on the North Side, you will see two line items on your bill related to this TIF. Due to the statutory rules regarding the distribution of Transit TIF funds, part of the Transit TIF revenue generated each year goes to the other taxing districts. CPS receives its statutory share of the TIF revenue, while 80% of the remainder goes to the TIF and the other 20% is distributed proportionally to the other taxing districts. The two line items regarding the Transit TIF shows the amount of the taxes distributed to CPS and the amount which went to the Transit TIF. The other 20% is not delineated per district but included in the total amounts shown of the other taxing districts. Accordingly, tax bills for the properties that fall within the Chicago RPM1 Transit TIF will appear as shown below.

The amount of TIF revenue directed to CPS is displayed on Transit TIF tax bills as “Board of Education – TIF RPM1” in the School Taxes section of the bill.

SCHOOL TAXES				
Board of Education - TIF RPM1	250.08	0.000	11.82%	0.00
Board of Education Chicago	857.36	3.552	40.52%	988.57
Chicago Community College District	37.39	0.147	1.77%	41.68
<b>School Taxes Total</b>	<b>1,144.83</b>	<b>3.699</b>	<b>54.11%</b>	<b>1,030.25</b>

The amount going to the TIF itself is displayed as “TIF Transit City of Chicago-Rpm1” in the Municipality/Township Taxes section of the bill.

MUNICIPALITY/TOWNSHIP TAXES				
TIF Transit City of Chicago-Rpm1	182.15	0.000	8.61%	160.13
Chicago School Bldg & Imp Fund	34.60	0.136	1.63%	31.52
Chicago Library Fund	28.24	0.111	1.34%	29.99
City of Chicago	398.08	1.565	18.81%	251.51
<b>Municipality/Township Taxes Total</b>	<b>643.07</b>	<b>1.812</b>	<b>30.39%</b>	<b>641.46</b>

For more information on the City’s Transit TIF, see the [Transit TIF Fact Sheet](#).

## What resources does the Clerk have available to research TIFs?

In addition to the TIF Property Search and TIF Viewer application, the Cook County Clerk also provides TIF Reports, TIF Maps, and a short, informative video “Understanding TIFs” on our website:

<https://www.cookcountyclerk.com/agency/tifs-tax-increment-financing> (See screenshot below)

The screenshot shows the website header with the name "KAREN A. YARBROUGH COOK COUNTY CLERK'S OFFICE" and various social media icons. The main content area is titled "TIFs (Tax Increment Financing)" and features a "TIF Viewer" application interface with a map and search controls. To the right, there is a "PROPERTY TAXES" sidebar with a dropdown menu for "TIFS (TAX INCREMENT FINANCING)" containing links for "TIF PROPERTY SEARCH", "TIF REPORTS", "TIFS 101", "TIF MAPS", and "TIF FAQs". Below the sidebar is a video player for "UNDERSTANDING TIFS".

## What other resources are available to research TIFs?

Municipalities are required to file annual reports with the Illinois Comptroller’s office. Those reports are available online at: <http://warehouse.illinoiscomptroller.com/>

The following organizations also provide information regarding TIFs:

Illinois Tax Increment Association: <http://www.illinois-tif.com/>

The Civic Federation: <https://www.civicfed.org/>

The TIF Illumination Project: <http://www.tifreports.com/>

City of Chicago TIF Data Portal: <https://www.chicago.gov/city/en/depts/dcd/provdrs/tif.html>