

How does TIF Impact my Taxes?

- Properties located in a TIF district are not subject to higher property tax rates. TIF district properties are taxed at the same rate as properties located outside of the TIF district.
- Instead of increasing tax rates, TIF changes how the Village can spend tax revenue generated by properties in the TIF District. TIF allows the village to spend tax revenue on infrastructure improvements, redevelopment, and related economic development efforts.
- TIF revenue is created when the value of property in the TIF district increases due to redevelopment. When a property in the TIF district redevelops, the Kendall County Assessor assigns a new – and frequently higher – property value to the redeveloped property. The tax revenue generated from the property's increased value becomes TIF revenue that the Village may use to support redevelopment in the TIF District.
- **Example:** John owns property located in the TIF district that is valued at \$50,000. John invests in his property by constructing a new apartment above his existing retail shop. John's property is now worth \$75,000 -- \$25,000 more than the property's prior value. The property tax revenue created by \$25,000 increase in John's property value is placed in a Village-controlled TIF fund. The Village can later use these funds to reinvest in the TIF District by encouraging further redevelopment.
- Other taxing districts (*e.g.*, counties, townships, schools) continue receiving the tax revenue they received when the TIF was created. In the case of John's property, all taxes levied against the property's original \$50,000 value continue to be distributed to the other taxing districts. Only taxes levied against the \$25,000 increase in value go into the Village's TIF fund.

Tax Increment Financing (TIF) & Taxes

Overview: The Village is proposing to create the Main Street / Washington Street TIF District to promote investment and redevelopment in Oswego's greater downtown area. Some members of the public raised questions about the impact of the proposed TIF district on existing tax rates. This Factsheet explains the relationship between TIF, taxes, and those who own property in and around the proposed TIF District.

What is Tax Increment Financing?

TIF is a locally controlled economic development tool used by communities to encourage investment in property. TIF would be used to promote future economic growth in Oswego by encouraging reuse of underutilized properties and continued investment in the village's healthy growth.

How does TIF help Oswego?

TIF provides a variety of local benefits, including:

- Allows the Village to raise money for reinvestment without raising taxes on residents or imposing special assessments.
- Allows the Village to spend local tax dollars to support the local economy. Funds generated by the TIF are invested directly into the property that makes up the TIF District.
- Offers property owners within the TIF an opportunity to apply for TIF funds to remodel or rehabilitate existing homes and buildings.
- Enables the Village to use TIF money to construct infrastructure (*e.g.*, sidewalks, roads, storm sewers, streetlights, *etc.*) improvements in the TIF District.
- Increases the value of properties within and outside of the TIF District as properties in the TIF District are improved.

What are the next steps?

Several more steps are involved before the Main Street / Washington Street TIF is created, including a public hearing on August 16, 2016 at 7 p.m. and a village board vote in September or October. Parties interested in learning more about TIF should select the "TIF District Overview" icon on the Village's Webpage, <http://www.oswegoil.org/>.