

Tax Increment Financing

Tax Increment Financing has proven to be a widely used economic development tool nationwide.

Many states allow local communities to use the taxes resulting from the increase in taxable valuation caused by the construction of new industrial or commercial facilities to provide economic development incentives to a business or industry. Tax Increment Financing (TIF) may be used to offset the cost of public improvements and utilities that will serve the new private development, to finance direct grants or loans to a company, or to provide the local match for federal or state economic development assistance programs.

TIF is a method of facilitating development or redevelopment of defined areas of property by utilizing future tax revenues to pay for some of the necessary improvements. TIF allows local officials to designate an area ("TIF District") for improvement and then earmark any future growth in property tax revenues in that District to pay for the predetermined development expenditures in that District.

The cost of improvements to the area is repaid by the contributions of future tax revenues by each participating taxing unit that levies taxes against the property. Each taxing unit can choose to dedicate all, a portion of, or none of the tax revenue that is attributable to the increase in property values due to the improvements within the reinvestment zone. The additional tax revenue that is received from the affected properties is referred to as the tax increment. Each taxing unit determines what percentage of its tax increment, if any, it will commit to repayment of the cost of financing the public improvements.

Through its Redevelopment Authority, Lackawanna County has done TIF Districts on Montage Mountain, on Meade Street in Dunmore and in the Mid Valley.

For more information on Tax Increment Financing, please contact Glenn Pellino at 570-963-6830.