

TIF FAQs

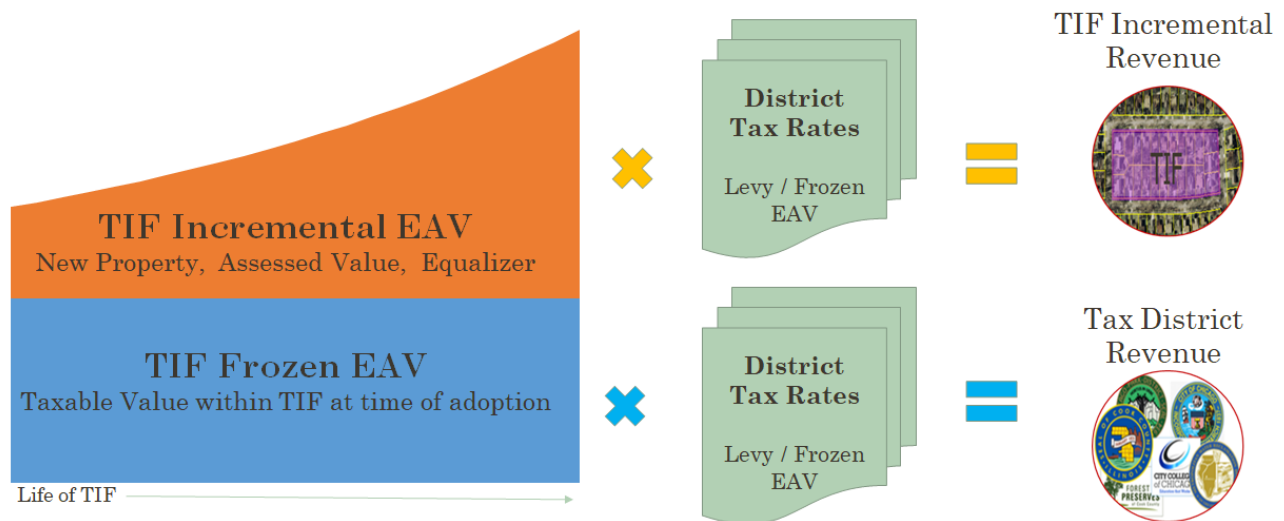
What is a TIF?

"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 grow 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 up 7.55% 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.

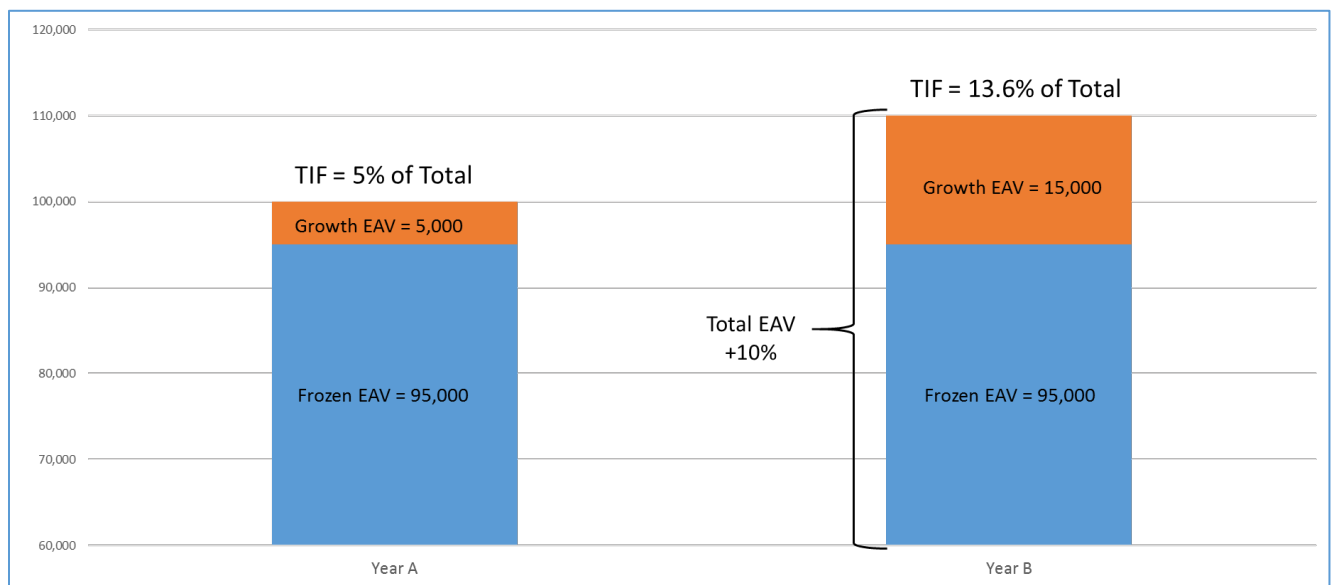
While taxable values in Cook County are up less than 5.2% overall this year, EAVs increased 19.6% in the north and northwest suburbs (which were reassessed) and decreased slightly in the City of Chicago and the south and western suburbs.

EAV increases in the north and northwestern suburbs and specific property increasing in two south suburban TIFs have contributed to an 11.9% increase in suburban Cook County.

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

In this example, the total taxable value (EAV) in a TIF increases 10% (from 100,000 to 110,000), yet 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.

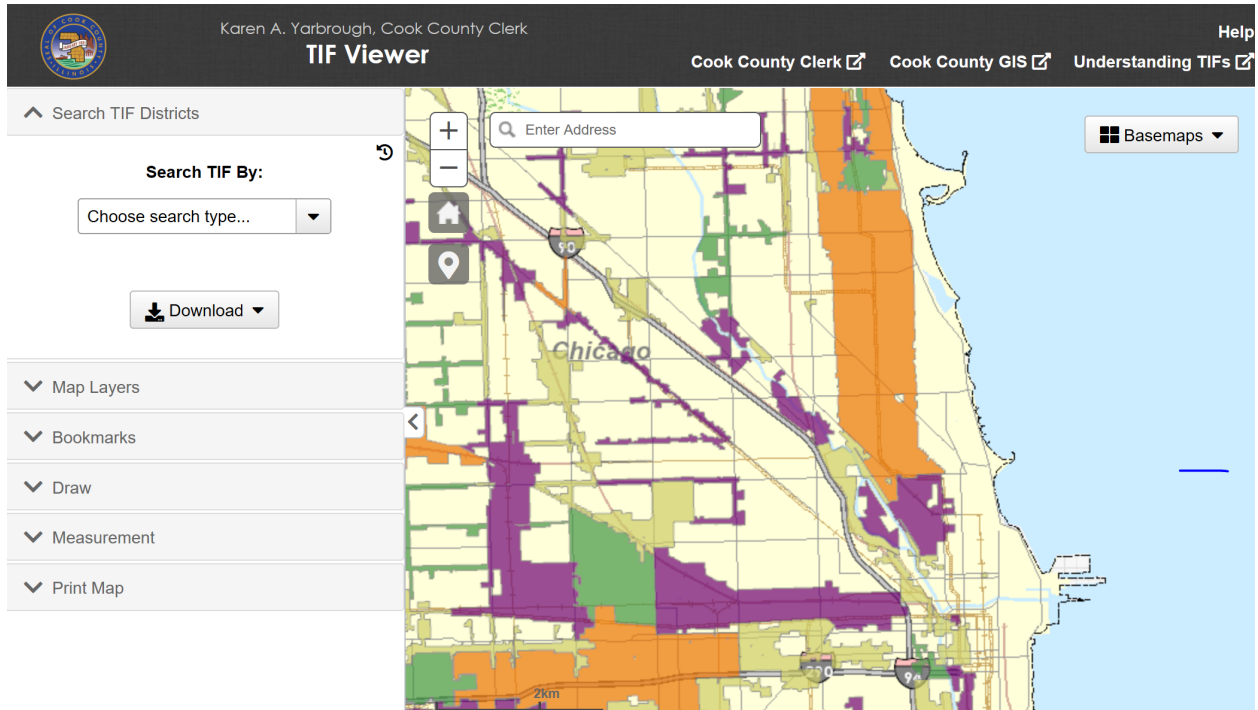
Is my property in a TIF?

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	2022 Tax	2022 Rate	2022 %
MISCELLANEOUS TAXES			
SW Home Equity Assurance Chicago	18.69	0.044	0.53%
Metro Water Reclamation Dist of Chicago	165.23	0.389	4.67%
Parks-Museum/Aquarium Bond	0.00	0.000	0.00%
Chicago Park District	138.47	0.326	3.92%
Miscellaneous Taxes Total	322.39	0.759	9.12%
SCHOOL TAXES			
Board of Education Chicago	1,537.58	3.620	43.49%
Chicago Community College District	63.29	0.149	1.79%
School Taxes Total	1,600.87	3.769	45.28%
MUNICIPALITY/TOWNSHIP TAXES			
TIF-Chicago 	590.45	0.000	16.70%
Chicago School Bldg & Imp Fund	71.78	0.169	2.03%
Chicago Library Fund	51.40	0.121	1.45%
City of Chicago	680.87	1.603	19.26%
Municipality/Township Taxes Total	1,394.50	1.893	39.44%
COOK COUNTY TAXES			
Cook County Forest Preserve District	25.06	0.059	0.71%
County of Cook	116.79	0.275	3.30%
Cook County Public Safety	56.92	0.134	1.61%
Cook County Health Facilities	19.12	0.045	0.54%
Cook County Taxes Total	217.89	0.513	6.16%
(Do not pay these totals)	3,535.65	6.934	100.00%

You may 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:

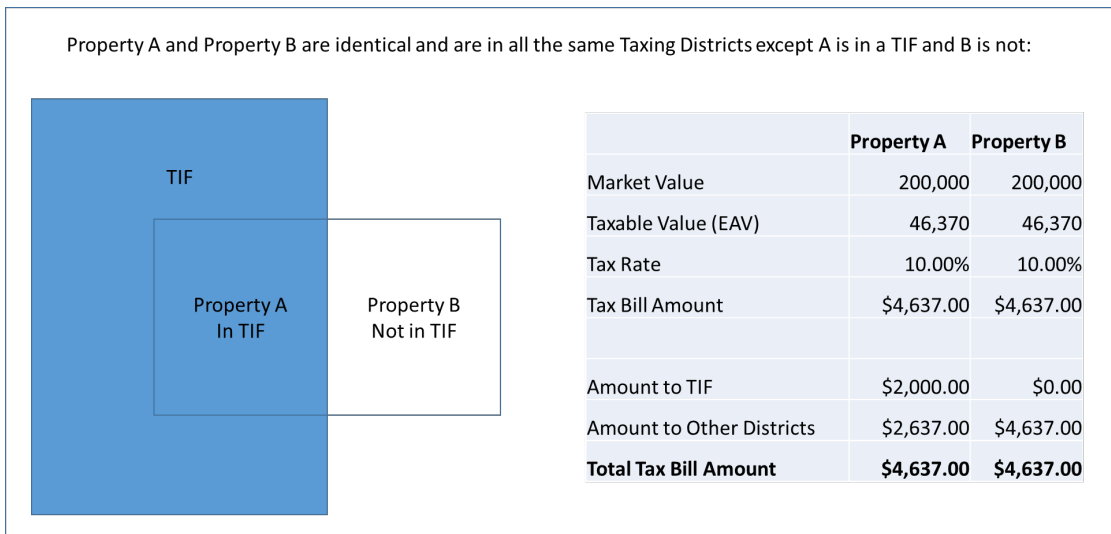
<https://maps.cookcountyil.gov/tifViewer/> (See screenshot below)



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?

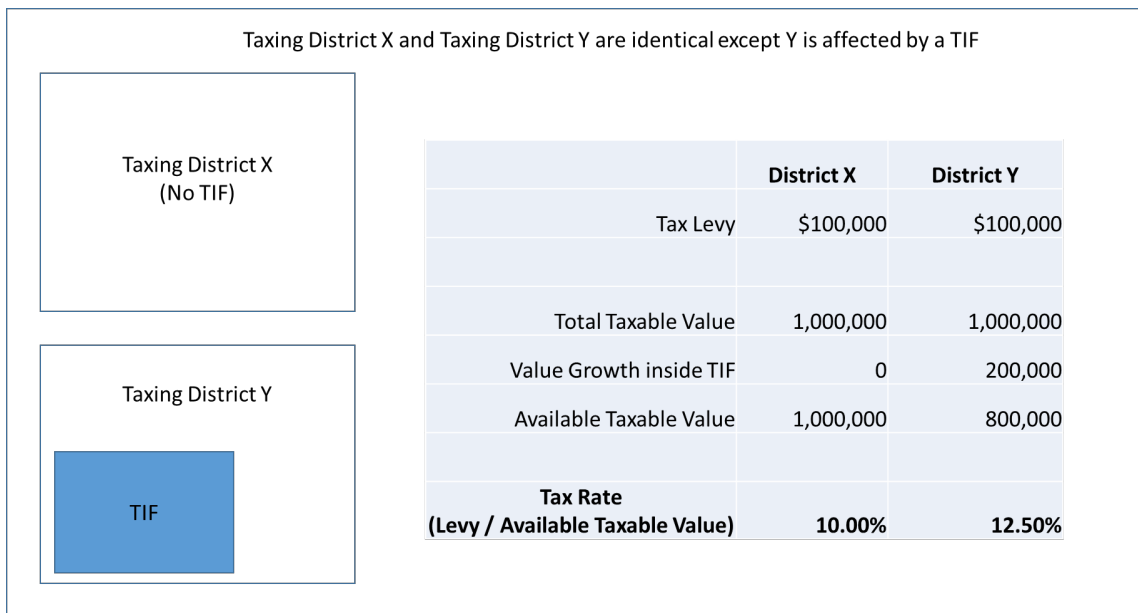
Your tax bill is calculated based on the taxable value (equalized assessed value or EAV) of your property multiplied by the combined rates of all of the taxing districts which serve your property, regardless of whether your property is in a TIF district or not. The difference the TIF makes is where your 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% (100,000 / 1,000,000), where the tax rate for District Y with the TIF is 12.5% (100,000 / 800,000). 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, established in 2016, is intended to modernize the north side CTA Red and Purple train lines with the assistance of revenue from Federal and State grants. The second Transit TIF in the City of Chicago was established this year and is intended to fund an expansion of the Red Line on the south side of the City.

What does it mean if my property is in the one of the City’s Transit TIFs?

If your property is in one of Chicago’s two Transit TIFs, you will see two line items on your bill related to the 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 show 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 each Transit TIF will appear as shown below.

MUNICIPALITY/TOWNSHIP TAXES			
City of Chicago - TIF Transit RPM1	1,914.83	0.000	11.52%
Chicago School Bldg & Imp Fund	270.38	0.153	1.62%
Chicago Library Fund	235.04	0.133	1.42%
City of Chicago	2,877.07	1.628	17.31%
Municipality/Township Taxes Total	5,297.32	1.914	31.87%

MUNICIPALITY/TOWNSHIP TAXES			
TIF Transit City Of Chicago-RLE	1,159.11	0.000	2.36%
Chicago School Bldg & Imp Fund	1,006.84	0.153	2.05%
Chicago Library Fund	875.22	0.133	1.79%
City of Chicago	10,713.25	1.628	21.81%
Municipality/Township Taxes Total	13,754.42	1.914	28.01%

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

SCHOOL TAXES			
Board of Education - from Transit TIF	2,742.70	0.000	16.50%
Board of Education Chicago	6,134.42	3.757	36.90%
Chicago Community College District	273.92	0.155	1.65%
School Taxes Total	9,151.04	3.912	55.05%

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 is TIF Surplus?

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.

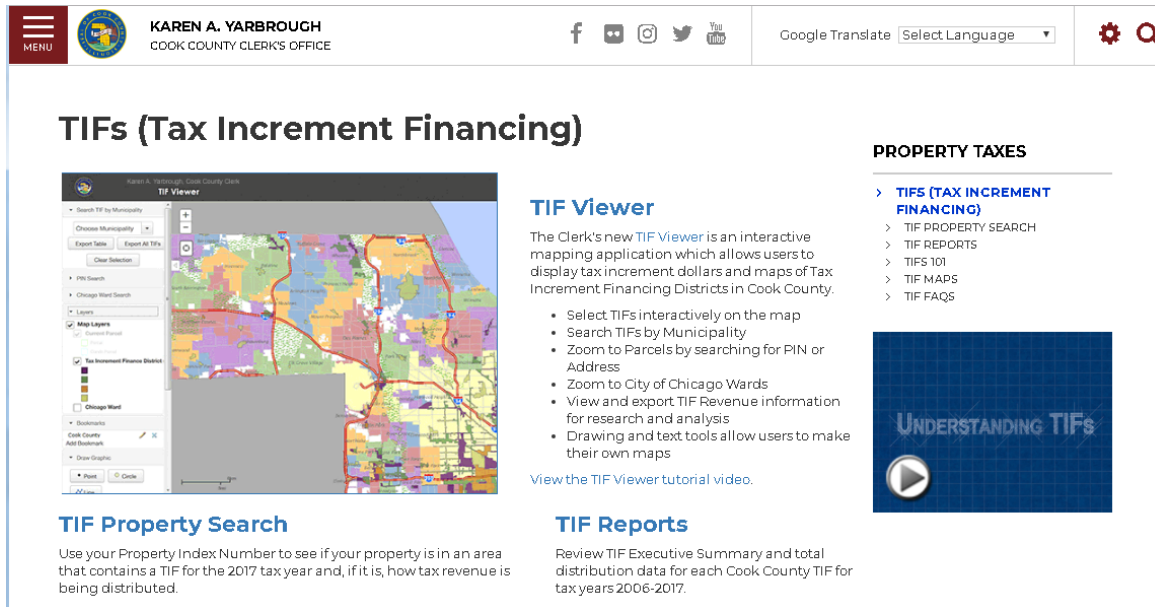
What is Recovered TIF Value and how does it impact Taxing Districts?

After a TIF has been retired, taxing districts, which 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.

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.gov/property-taxes/tifs-tax-increment-financing> (See screenshot below)



The screenshot shows the website header for Karen A. Yarbrough, Cook County Clerk's Office. The main content area is titled "TIFs (Tax Increment Financing)". On the left is a screenshot of the "TIF Viewer" application interface, which includes search filters for Municipality, PIN, and Chicago Ward, and a map of Cook County with various colored TIF districts. Below this is the "TIF Property Search" section, which instructs users to use their Property Index Number to find TIFs. To the right of the map is the "TIF Viewer" section, describing it as an interactive mapping application and listing features like searching by PIN or address and zooming to parcels. Below that is the "TIF Reports" section, which offers Executive Summaries and distribution data for 2006-2017. On the far right is a "PROPERTY TAXES" navigation menu with links to TIFs (Tax Increment Financing), TIF Property Search, TIF Reports, TIFs 101, TIF Maps, and TIF FAQs. At the bottom right of the menu area is a video player thumbnail titled "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>