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The Trouble With TIF.

Cities love to use Tax Increment Financing to boost development. Should they?

Local governments often hail this tool as a way to revitalize investment-deprived neighborhoods, fix dilapidated roads, clean up polluted waters, revamp blighted property, and foster commercial activity and job creation. It's often poorly understood by city taxpayers, but it affects them in very real ways.

I'm talking about Tax Increment Financing (TIF), a popular mechanism meant to boost economic development. Its usage is widespread: Every state but one employs it, and it's a go-to move for many cities trying to revive struggling neighborhoods, especially in the Midwest. But how effective is it, really?

The answer, like life itself, is complicated. But David Merriman, a professor at the University of Illinois at Chicago, takes a stab at it in a new report for the Lincoln Institute of Land Policy. After reviewing available research on the implementation and impacts of TIF, Merriman concludes that the mechanism, while helpful in some ways, leaves a lot to be desired.

Continue reading.

CITY LAB

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