
Demys'TIF'ying Tax Incentives.

Data on the world of government tax incentives will be a little richer thanks to a clarification from the Governmental Accounting Standard Board, which sought to clear up ambiguity regarding reporting on tax increment financing projects, or TIFs. Governments wanted to know if the board's new rule requiring them to report tax incentives as forgone revenue also applied to TIFs. For the most part, the board said this week that they do.

TIFs help subsidize development by taking the additional property tax revenue the project generates and putting it back into the development. There are three ways to do this: 1) The developer pays the taxes then is awarded a tax rebate by the government; 2) the government incrementally awards the back taxes to the developer after meeting specific development and jobs goals; and 3) the government uses the tax revenue generated by the development to pay back bonds that financed the project.

The first two, the accounting board said, have to be reported as lost property tax revenue. The third does not.

The Takeaway: Good Jobs First, which tracks government tax incentives, said the clarification bodes well for it and other sunshine groups that want more disclosure about what governments give up to woo corporations. Greg LeRoy, the group's executive director, told Governing this week that Midwestern and Western states make heavy use of this type of financing. "Until California canceled [the practice], they were TIF-ing $6 billion a year in property tax revenue," he said.

Because the clarification applies only to future fiscal years, governments might not include TIFs when they issue their fiscal 2017 reports later this year. "It means we'll see an uneven quality of data," LeRoy says. "But we expected the first year to be bumpy."

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