

Tax Increment Financing (TIF) helps municipal governments stimulate redevelopment in a designated area. Using this financing tool, the City can reimburse developers for certain expenses using the property tax revenue that new development in the TIF district generates. Expenses eligible for reimbursement include

- Architectural, engineering, legal, environmental, financial, planning, and other services
- Property assembly costs, including acquisition of land, demolition of buildings and site preparation
- Costs of rehabilitation, reconstruction or repair or remodeling of existing buildings, fixtures and leasehold improvements
- Cost of financing during construction
- A portion of the interest cost incurred by a developer related to the construction, renovation or rehabilitation of a redevelopment project

There are two TIF Districts in Pekin, the Central Business District TIF and the Southern Industrial TIF. You can see their locations in our [on-line map](#).

## How does the City of Pekin Tax Increment Finance (TIF) program work?

When a tax increment financing (TIF) district is established, the equalized assessed value (EAV) on each property within the TIF district is set at a “base” value.

For 23 years after the TIF district is established, property tax revenue generated by higher property values within the district is paid to the city’s special TIF fund, instead of the other taxing bodies. Those taxing bodies (the county, park district, school districts, etc.) continue to get the tax revenue from the “base EAV” in the district, but not the revenue created by property values above the base.

## Example for a hypothetical property in the TIF district:

2002 (base year)

EAV: \$45,000 Tax Paid: \$3,825

2006 (following a major redevelopment project)

EAV: \$ 300,000 Tax Paid: \$25,500

After the project is complete in 2006, a property tax increment of \$21,675, the difference between \$25,500 and \$3,825, goes into the City's special TIF fund.

The City would then use the increment to pay for other improvements in the TIF district.