



1400 Jackson Street, Fort Myers, FL 33901 – 239-321-7100 ~ www.cityftmyers.com/fmcra

1. What is a TIF?

A Tax Increment Finance District (TIF) is a geographical area or district created under state law. The purpose of a TIF is to encourage development of the area within its boundaries by the reinvestment of the incremental tax growth generated by property value increases and new development within the district.

2. How does a TIF work?

A TIF uses tax increment financing to fund the projects designated in the TIF Plan. Tax incremental financing is new or additional tax revenue generated from increased property values and new development after a "base year" is established.

The Fort Myers Community Redevelopment Agency (FMCRA) receives money to pay for projects through tax increment financing, a tool used to fund economic development through the community redevelopment agencies (it's authorized by Chapter 163, Part III of the Florida Statutes). Tax increment funds are paid to the FMCRA by the City and the County based on the growth in property values for that district. The increment comes from property taxes paid by each property owner within the redevelopment district. The property owners do not incur any additional taxes by being located in a redevelopment district, they are assessed the same millage rates as a property owner located outside of a redevelopment district. The taxing authority (city, county) collects their share of the property taxes and then must turn around and "share" their portion of property taxes with the FMCRA.

Each redevelopment district generates its own tax increment funds to be used only in that specific district. Tax increment funds are *not* derived from increases in property taxes, but rather the growth or increased property values that occur in a redevelopment district over time. The property tax amount in the year the district is established becomes the base year value for the district throughout its lifespan. Tax increment funds are generated based on any increase in value a district sees over and above its base year value. The agency uses those tax increment dollars to put money back into the district, further increasing the property values. This cycle lasts through the lifespan of a district.

Tax increment funds can be used for operations, projects, capital improvements or development incentives within the district where they were generated.

3. Are property taxes raised to pay for TIF district?

No. Any higher taxes from the sale, development, or rehabilitation of property are due to a rise in the property value, not an increased tax rate.

4. What are the functions of a redevelopment agency?

Redevelopment is a process to help city and county governments eliminate blight from a designated area, as well as achieving desirable development, reconstruction, and rehabilitation. It is used for residential, commercial, industrial, and retail areas.

5. What are the benefits of being in a TIF district?

There are several specific benefits of residing in, or owning a business or property in, a TIF district. Redevelopment is one of the most effective ways to encourage private investment in areas that have deteriorated socially, physically, environmentally or economically. Through the focused attention and financial investment that redeveloping a TIF district receives, many positive things happen that would otherwise not occur—negative conditions are reversed, jobs are created, the business climate is revitalized, and the housing stock is increased. As redevelopment projects are completed, neighboring property owners and merchants often improve their buildings and businesses to keep pace with the enhanced quality of the area. As the district recuperates, the area gains a better reputation resulting in increased foot traffic, consumers, and/or residents.

As part of the redevelopment process, developers, property owners, business owners, and residents may be eligible for an improvement incentive or grant program available through the redevelopment agency.

6. What is a redevelopment plan?

A redevelopment plan provides the framework and process that guides specific projects for the TIF district. The redevelopment agency hires a professional team to assess the TIF district for strengths, weaknesses, and needs, as expressed by private citizens, property owners and local merchants in public meetings. Using this community input and the team's expertise in creating solutions to meet the district's needs, a plan is developed. Before being adopted for use, the plan undergoes a vigorous review process, and the resulting refinements are incorporated into the plan.

The plan typically includes direction on the best commercial-industrial-residential mix for the area and placement of these sections within the district, as well as the overall design style for the district infrastructure and building parameters.