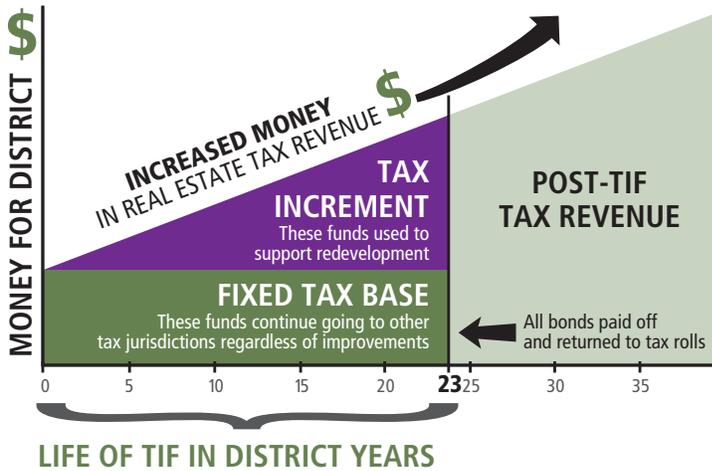




TAX INCREMENT FINANCING



More Information: tti.tamu.edu/policy/how-to-fund-transportation

Description

Tax increment financing (TIF) is a way to borrow money against future property tax collections in a specifically designated area. The borrowed money is used to pay for improvements to transportation, basic urban infrastructure, and buildings that will bring in additional property tax revenues. TIF uses a charter to specify the area, the base year and base value of the property for tax calculations, and an expiration date (usually 30–40 years later). A transportation reinvestment zone (TRZ) is an example of TIF.

How Will This Help?

- **Provides additional funds to reduce traffic congestion** and maintain transportation infrastructure, especially for specific projects or in already-developed areas.
- **Helps transportation revenues keep pace** with rising construction costs.

What's the Downside?

- TIF limits future tax revenue uses. While TIF creates no new tax or fee, it limits tax revenue use in the TIF for other purposes.
- A localized increase in property taxes resulting from higher property values would not necessarily be limited to roadway users but would affect every property owner in the designated area.
- Revenues are affected by the economy. Unanticipated economic decline can reduce the tax revenue available to pay back the bonds. General revenue funds would be used to cover any loss.



The construction of the Americas Interchange near El Paso was funded partially by the establishment of a TRZ.

WHO



COST TO COLLECT



LONGEVITY



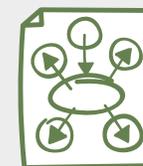
RELIABILITY



IMPLEMENTATION



CASE STUDY: EL PASO, TX



City of El Paso TRZs.

The City of El Paso, the El Paso Metropolitan Planning Organization, Camino Real Regional Mobility Authority, and Texas Department of Transportation partner

to use TRZs to pay for high-priority projects in the El Paso region. In 2008, the City of El Paso established TRZ #1 to pay for projects identified in its 2008 Comprehensive Mobility Plan.

The original TRZ was later split into two new ones: TRZ #2 and TRZ #3. Projects that have benefitted from these TRZs include:

- The direct connectors at Loop 375 (Americas) and IH 10.
- The Transmountain Road widening in northeast El Paso.
- Interchange improvements at Loop 375 (Joe Battle Boulevard) and FM 659 (Zaragoza Road).

Starting in 2017, the City of El Paso will make another TRZ contribution of \$90 million to the Horizon 2040 Metropolitan Transportation Plan for future transportation infrastructure projects.

