12 Commandments
of Tax Increment Financing

By Matt Walsh, City of Concord, Director of Redevelopment

1. Never create a TIF district without a development project "in hand."
2. Recognize market growth as general fund revenue and taxes from "new development" as TIF revenue.
3. Have written agreements with developers establishing the scope of improvements.
4. Use a maximum 80% of anticipated value in projections.
5. Be conservative and work in phases. Only plan on a minimal amount of development and expand TIF scope as other development comes along.
6. Insist that the developer guarantee the assessed value of the project. Get a financial surety to protect taxpayers.
7. If feasible, require the developer to guarantee that its development will be 100% taxable if sold (i.e. not sold to tax exempt entities).
8. Beware of capitalized interest vis-à-vis the debt schedule.
9. Keep enough money on hand for at least one year's debt service and operating costs in case the district values (and therefore the incremental tax dollars) decrease.
10. Beware of combining TIF with tax relief incentives provided under RSA 79-E.
11. Always structure financing plans to pay back municipal reserve funds after the TIF bonded debt is retired.
12. Bank surplus tax revenues for appeals of the assessed valuation.