Local jurisdictions need:

- **New, stable funding sources** to promote economic development and improve infrastructure in communities around the state.

- **Legislative support** to develop a property-tax based TIF program that meets state constitutional requirements.

**Our legislative proposal:**

- Does not impact the state’s property tax rate or revenue

- Protects current taxing districts’ authority and existing tax collections

- Stipulates that TIF funding can only be used to pay for publicly owned infrastructure

- Requires a finding that development wouldn’t occur if not for the TIF-funded public infrastructure

- Requires a study and mitigation of any impacts on local businesses and affordable housing

**Background:**

Tax Increment Financing (TIF) captures a property’s appreciated value by using its increased property taxes to finance infrastructure improvements that benefit a designated area. Local jurisdictions that utilize TIF benefit from improved public infrastructure, increased economic development, and local job growth.

Washington state is missing out on TIF. In fact, 48 other states and Washington, D.C. have successfully implemented some form of TIF. Previous attempts to authorize TIF in Washington were struck down due to constitutional constraints related to the use of state property tax revenue.

However, a carefully structured TIF program can withstand constitutional challenges and will provide a critically needed economic development tool for local governments and communities. Our approach to TIF does not raise property taxes on residents but allows development to pay for much-needed public infrastructure.

The Washington State Legislature has created several TIF-like alternative financing programs such as the Community Revitalization Financing (CRF) Program, the Local Infrastructure Financing Tool (LIFT), and the Local Revitalization Financing (LRF) Program. Some cities and counties have implemented one of these narrowly tailored versions of TIF at the local level. However, these programs have significant limitations on their use and require a state contribution - usually funded by the state operating budget.

The COVID-19 pandemic has provoked an economic recession that has devastated communities, businesses, and families. Authorizing TIF is one critical action lawmakers can take to help our communities recover, grow construction and other jobs, spark reinvestment, and foster vibrant communities.