



## Time To Throw A TIF: *Invisible, unaccountable taxes you've never heard of*

### The Problem

Bob and Rita Smith\* are generous people. Every year, they give about \$2,000 to wealthy, politically connected real estate developers doing business in their Wilson Yard neighborhood. Bob and Rita live frugally, work hard to save for retirement, and struggle to make ends meet each month—and yet, they keep on giving to the wealthy developers, year after year. Why? Bob and Rita don't even realize they are doing this. Their money is being taken in a secretive way, courtesy of Chicago Mayor Richard J. Daley, the very man they have been voting for since 1989.

And Bob and Rita are not alone. In 2007, \$892 million of Cook County's property tax dollars went to a mysterious diversion of funds. It isn't listed on your property tax bill, but it exists. It sends money away from your schools, but you don't know how much. It diverts money away from vital services, but you can't tell where it's going instead. It's not even included in Cook County's annual budget.

How does your hard-earned money get diverted to private developers so that they can build expensive projects in your neighborhood without your input? It's all through something called Tax Increment Financing, more commonly known as a "TIF."

### Our Solution

The first step to bringing more public understanding and oversight to TIFs starts with implementing transparency. All information about a TIF, including its name,

any parties involved (such as developers or vendors), the amount of spending, who authorized the TIF creation, contracts, and the TIF's purpose should be posted on a local government's official website. A complete, detailed, clear, and user-friendly list should be easily accessible to the public so they can understand where their property tax dollars are going and who is involved in the project.

Full transparency in the TIF process would foster more government accountability. There's too much money involved in TIFs for the public to have such a lack of knowledge about them and for the government to have no accountability in creating and managing them. \$892 million in tax dollars during 2007 is no small sum. TIFs need transparency.

### Why This Works

TIF transparency would:

- Allow for more oversight of spending and openness to public scrutiny
- Help clear up the vague understanding people have about TIFs, where they're located, how much money goes into them, and how much of their property taxes flow into TIF districts
- Improve the cloudy knowledge most people have regarding the TIF process
- Foster more government accountability in handling the enormous amounts of tax dollars flowing into TIF funds, which the public currently knows little to nothing about
- Enforce ethical behavior in terms of everyone involved in TIF financing

*\* Bob and Rita Smith are a fictitious, composite representation of actual people living in the Wilson Yards neighborhood on Chicago's far north side.*

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