



## STATE POLICY PACKAGE:

### State-Facilitated TIF to Encourage Brownfields Redevelopment

*Restoring Prosperity is a new approach to helping older industrial cities transition to the 21st century: by investing and encouraging development in already-existing towns and cities, planning for communities where people want to live and work, and creating better transportation, housing, and job choices for the new economy.*

## THE OPPORTUNITY: BROWNFIELDS REDEVELOPMENT

Brownfields are properties that were certainly or possibly polluted through a previous use. Reinvesting in brownfields increases property values and revitalizes neighborhoods. However, upfront costs can present barriers to brownfields redevelopment. This state policy package outlines how states can facilitate the use of local tax increment financing (TIF) to help fund these projects.



## Benefits of Brownfields Redevelopment

- **Neighborhood Revitalization.** Brownfields redevelopment increases surrounding property values and spurs neighborhood revitalization.
- **Employment and Investment Impacts.** Brownfields redevelopment helps create jobs, both during the cleanup and building process, but also afterwards, when new retail or office space is created.
- **Generation of Local Tax Revenue.** Over the long run, brownfields redevelopment increases local tax revenues by returning abandoned properties to the tax rolls.
- **Environmental Benefits.** The redevelopment of brownfields takes advantage of existing infrastructure and previously developed land, saving resources and preserving green space.

## How Does Tax Increment Financing Work?

When land is redeveloped, that investment increases both the site value and, often, the value of surrounding real estate, which in turn generates increased tax revenue. Tax increment financing (TIF) allows municipalities and/or investors to borrow against this future tax revenue and use the proceeds to incentivize development by paying for certain activities associated with cleanup and reuse of the site. Some states create TIF mechanisms one property at a time (Illinois, Minnesota), while others create a TIF district including both the target property and surrounding land (California). The latter is typically preferable, as it usually facilitates better long-term planning. It also presents an opportunity to capture the value created by parcels adjacent to the actual brownfield site and to provide more community amenities.

When a TIF district is formed, the amount of tax revenue going to the various public entities that receive this revenue is frozen at its current level (referred to as the base amount). All of the subsequent increases in tax revenue, or the increment over the base amount, go directly to the TIF district (although there are exceptions where some of the existing entities receive a share of the increase as well). Public or private financing is secured by issuing bonds or loans and the increment captured for the district is used to pay off the debt. After the debt is paid off, which may take 20-30 years, the TIF structure is retired, and the full property tax assessment is collected. TIF is most often used at the local level through local property tax revenues. Sometimes, however, states also employ TIF through sales taxes or other types of state taxes. Either way, state enabling legislation is important because it helps set the parameters for TIF.

While TIF is a useful tool, it should be applied judiciously, as localities are diverting tax revenues that would normally go into a city's general fund or to other levels of government (for this reason, school districts and counties sometimes oppose TIF). Likewise, if a TIF project fails to produce the revenue increase projected, localities must still repay any bonds that were issued. Communities will need to weigh these concerns against the long-term benefits of redeveloping brownfields.



## THE POLICY: STATE-FACILITATED TIF FOR BROWNFIELDS

While brownfield redevelopment offers many benefits, it also has its costs (including expenses related to demolition, site preparation and construction, and environmental assessment and planning) and perceived risks. Public financing not only provides monetary support for a project, but also reflects government faith in the project's viability. As a result, some form of public financing or government-backed financial incentive can help jumpstart a brownfield reuse program and ensure that sites do not remain idle and contaminated. **Tax increment financing (TIF)** has emerged as one type of financing tool to close funding gaps for desirable economic and community development projects. With other state and local funding options limited, localities have increasingly turned to TIF as the primary financing incentive that is both within their control and can meet the scale of funding needed.

### *Barriers to using TIF for brownfields*

In many states, there are substantial barriers to using TIF for brownfields redevelopment. States are increasingly adopting approaches that are designed to facilitate the local use of TIF to address issues including:

1. In many states, TIF bonds can be sold only when new building ("vertical development") is certain to occur, since prior to that, they may carry too much risk for investors. This means that funds may come into a brownfields cleanup/redevelopment project too late to assist with the cleanup costs that precede building.
2. Cleanup expenditures are sometimes not eligible uses of TIF proceeds, as many states restrict their use to public infrastructure.
3. The base property tax value of a brownfields property may not fully reflect the financial impact of contamination on the property's value, which artificially reduces the calculated value of the tax increment available to finance it.

### IMPORTANT FEATURES OF A GOOD POLICY

There are two primary approaches to state-facilitated TIF: 1) amending existing TIF enabling legislation to facilitate brownfields development; and 2) developing state financing vehicles to complement local TIF. This policy package focuses primarily on the first option; however, more information about the second can be found in the appendix.

Forty-nine states (excluding Arizona) have TIF enabling legislation in place. This legislation can be amended, typically without impacting state budgets, to help facilitate brownfields redevelopment in the following ways:

1. For states that restrict use of TIF funds to public infrastructure, modify legislation to allow site assessment, remediation, and site preparation as eligible uses; or develop separate brownfields TIF legislation that allows for this.
2. Create an option for reducing the TIF base level by accounting for estimated cleanup costs. By accurately reflecting these costs, the increment is increased and more subsidy is potentially available.
3. Establish escalated benefits for brownfields and other high priority redevelopment projects. This could be: longer repayment terms; debt limitation exceptions; adding eligible expenditures (e.g., adding acquisition costs); and/or reducing the base to zero for publicly-owned sites.
4. At a more global level, legislation might be modified to provide for the creation of TIF overlay districts, require long-range plans for newly established districts, and place explicit qualifications on the types of projects that will be TIF-eligible according to state policy goals (encouraging infill development, serving disadvantaged communities, etc.)

### Model State Policy: Wisconsin's Environmental Remediation TIF

Wisconsin's Environmental Remediation TIF program represents a new twist on the previous Wisconsin TIF authority, which was already one of the more permissive. Wisconsin law allows TIF funds to flow back to the developer for a variety of allowable development costs (not limited to public infrastructure).

The Wisconsin policy allows TIF to take any of the following models:

- Locality advances cleanup/site preparation funds to the developer from local operating funds or a previously authorized general obligation (GO) bond issue and then reimburses itself from the tax increments on a "pay-go" basis;
- Developer finances the cleanup/site preparation from private sources, and the city agrees to devote the tax increment to repay part or all of the developer's investment;
- Locality takes the proposed project to the bond market as a revenue bond to raise the upfront funds for the project, advances the bond funds to the developer, and repays the bond from the tax increment.

The first two options are "pay-go" TIFs, in that there is no borrowing to convert the revenue stream to upfront financing. Instead, the upfront expenditures are advanced by either the locality or the developer and then, when the tax increment begins to flow, the upfront expenditures are simply reimbursed. This is an attractive, simplified, and highly efficient method of applying TIF to brownfields sites that works best on smaller sites with modest cleanup costs.



## THE GROUNDWORK FOR A GOOD POLICY

- **Examine existing policies.** Before pursuing reform, take a look at the ways TIF is and is not already working for brownfields in your state. Talk with developers and local Brownfields Redevelopment Authorities or environmental agencies to understand the challenges you'll need legislation or financing vehicles to address.
- **Identify policy goals.** If policy is crafted poorly, TIF can subsidize sprawl development or simply relocate finite jobs and spending. State-facilitated TIF needs to be strong enough to provide effective incentives, but targeted enough to serve smart growth and community revitalization objectives. Make sure you've identified policy goals - encouraging infill development, providing affordable housing, creating jobs for residents, etc. - and considered the impact of various options on those goals. Consider tying state incentives and escalated benefits only to those brownfields projects that also meet these policy objectives.
- **Get advice from experts.** New Jersey, Wisconsin, and Kentucky have each developed policies that allow for TIF financing of brownfields in innovative ways. The EPA Brownfields office and the Department of Commerce's Economic Development Administration can also provide resources and advice.

## POLITICAL STRATEGY

On the surface, the concept of brownfields cleanup and reuse has few opponents, but making the political case for incentives to achieve these objectives still requires a strategy. With TIF, opposition can come from school districts or county governments that may stand to lose tax revenues diverted to TIF districts, community groups concerned with the threat of gentrification, and taxpayer watchdogs concerned about the ways TIF has been misused and looking for assurances that a given project represents a prudent use of public funds.

States with strong, creative incentives in place have made the case for them in several ways; most persuasive is showing the return on the public investment that will be realized in terms of tax revenues generated and jobs created from brownfields redevelopment. Additional benefits, such as revived city neighborhoods, infill residential and recreational spaces, and increased economic activity, are also important. An awareness of state laws is essential to combat opposition – for instance, some states help make up tax revenues foregone by school districts as a result of TIF.

### Coalition Building

Brownfields redevelopment has a lot in common with other initiatives that focus on blight and distress, but organizational structures and procedures often inhibit what should be natural cooperation towards mutual interests. Brownfield reuse advocates need to recognize that coordination won't happen automatically, and should reach out to those with common objectives and goals – those interested in vacant property issues, smart growth, infill development, and similar concerns.

In particular, legislative initiatives to make the TIF-brownfields connection will involve at least three constituent groups, outlined below. At least one of these interests has to be “the driver,” or the entity that is willing to put this legislation at the top of their radar screen. Your state may need to build trust between developers, environmentalists, and state actors in order to make progress. Some states form an advisory group, task force, or study group that draws members from each of these sectors. Doing so can help create buy-in and build trust. Others have realized success by highlighting one or two big projects that have support from a range of stakeholders but face significant funding gaps. Concrete examples can help illustrate the need for policy change and give groups a focal point to rally around.

Each of these key stakeholders will have a different perspectives and concerns:

- **The private sector** commonly plays a role in brownfields redevelopment, either with or without support from public investment. The development and business community also tends to have a good deal of political pull and can be a particularly influential leader on this issue. Engage the state board of realtors, environmental consultants, and private attorneys involved in brownfields work.
- **Environmental advocacy groups** can be a tricky constituency for TIF-supported brownfields redevelopment. Clean air and transit advocates are often willing brownfields/TIF allies, but conservation advocates and some neighborhood groups can be hesitant supporters and may feel that brownfields cleanup doesn't go far enough (a site is often cleaned up only to a level of protection against residual contamination that is appropriate for site reuse).
- **Housing and community development groups** may have valid concerns about the contribution of TIF to gentrification and the possibility that developers will have undue influence over the TIF process. These groups need assurances from their localities that community interests will play an important role in brownfields redevelopment.



## COMMUNICATIONS

State-facilitated tax increment financing is a complex policy that can present communications challenges. Starting broadly with the benefits of brownfields development, and the challenges of financing such endeavors, is a good way to begin. Then, tailor messages to the interests of your audience.

### Messages that Work

Building a coalition of supporters for state-facilitated TIF means appealing to a variety of interests. The following talking points, targeted to each of six key allies, may help.

#### Business and Real Estate:

- Brownfields are often catalysts of larger redevelopment activities that can turn around entire neighborhoods or even entire communities. According to the Northeast-Midwest Institute, brownfields cleanup and redevelopment leads to property value increases on the order of 5-15% for properties that are up to 3/4 mile from the site. “Impact” projects, usually involving change in use from industrial to parks or mixed use, have had much higher impacts, even exceeding 100%.
- By making better use of local TIF resources, more public funding can potentially be brought into deals, enabling more difficult sites to be redeveloped.

#### Local Government:

- Unused brownfields sites are a *direct* and *indirect* drain on the local treasury – *direct* because the site itself is unproductive; *indirect* because brownfields drag down adjacent property values and dissuade new investment.
- If states implement complementary financing vehicles to complement local TIF projects (see appendix for examples), state, as well as local, funds will be invested in redevelopment.
- Public investments in brownfields are generally recouped from local taxes generated by the project within about five years, although tax credits may extend this period. According to a U.S. Conference of Mayors survey, 93 respondent cities estimated that redeveloping remaining known brownfields would generate at least \$1.3 billion in local taxes.

#### The State:

- TIF financing, with a potential to capture local property taxes for as long as 30 years, can put more dollars into a deal than is typical of cash-strapped loan and grant programs.
- Brownfields redevelopment is the smart way to accommodate growth, by making efficient use of our current infrastructure and by putting new jobs close to where the labor force resides.
- State-supported TIF is the perfect marriage of state and local commitment - state policies (and, in some cases, complementary funding) can help leverage local funds, as well as private investment.

#### Environmental Advocacy Groups:

- Brownfields redevelopment involves numerous indirect environmental benefits, including:
  - Saving land from sprawl at a rate of 1 acre redeveloped to 4.5 acres saved;
  - Reducing vehicle-generated air emissions and greenhouse gases – vehicle miles traveled are 20-40% lower relative to sprawl development); and
  - Lowering run-off/improving water quality.
- The redevelopment of brownfields takes advantage of existing infrastructure and previously developed land, saving resources and preserving green space.

#### Other Nonprofit Groups:

- TIF can generate the funding and public excitement necessary to redevelop large or difficult sites and revitalize communities.

#### Taxpayer Watchdog Groups:

- Gearing your state’s TIF law to brownfield redevelopment is one way to guard against TIF abuse. Financing brownfield redevelopment is consistent with limiting TIF to blight circumstances and to projects that have a proven need for the funding.



## BUILDING THE CASE: RESEARCH

To advocate for and pass good legislation, brownfields proponents should conduct some initial research. Try to find out about **how many contaminated properties are in your state, where they're primarily located, and what types of properties predominate** (tiny dry cleaners or 2,000 acre industrial sites). Identify and, to the extent possible, work to **quantify some of the benefits of brownfields redevelopment in your state** – economic benefits, job creation, and community revitalization. Lastly, look to other states for case studies and success stories that will help make your case. A good place to start information gathering efforts is with your **state environmental agency**, in particular, the **agency's division of voluntary cleanup**. These agencies may be able to provide information about the number, location and type of brownfields in your state. They may also be able to direct you to public records that list the locations of local TIF districts.

### Existing Research

Considerable research has been sponsored by EPA and carried out by a range of public interest and stakeholder groups. Two of the best resources for information about financing tools are the EPA Office of Brownfields and Land Revitalization, and the Northeast-Midwest Institute, which offers several publications on financing tools. Some of the most useful reports:

#### A Guide to Tax Increment Financing

National Association of Realtors

[www.realtor.org/smart\\_growth.nsf/docfiles/TIFreport.pdf/\\$FILE/TIFreport.pdf](http://www.realtor.org/smart_growth.nsf/docfiles/TIFreport.pdf/$FILE/TIFreport.pdf)

#### Financing Brownfields: State Program Highlights

U.S. EPA

[www.epa.gov/brownfields/partners/finan\\_brownfields\\_epa\\_print.pdf](http://www.epa.gov/brownfields/partners/finan_brownfields_epa_print.pdf)

#### Tax Increment Financing Best Practices Reference Guide

Council of Community Development Finance Agencies

[www.icsc.org/government/CDEFA.pdf](http://www.icsc.org/government/CDEFA.pdf)

#### Using Tax Increment Financing for Brownfields Redevelopment

Northeast-Midwest Institute

[www.nemw.org/TaxIncrementFinancingMay2008.pdf](http://www.nemw.org/TaxIncrementFinancingMay2008.pdf)

## RESEARCH RESOURCES

### For TIF:

Council of Development Finance Agencies  
cdfa.net

### For Brownfields:

Association of State and Territorial Solid Waste Management Officials  
astswmo.org/publications\_cercla.htm

Environmental Law Institute  
elistorge.org/topics\_list.asp?topic=Contaminated\_Sites/Brownfields

EPA Brownfields Office  
www.epa.gov/brownfields

National Association of Development Organizations  
nado.org/rf/innocenters/brown.php

National Association of Local Government Environmental Professionals  
nalgep.org/publications

National Brownfield Associations  
www.brownfieldassociation.org

Northeast-Midwest Institute  
nemw.org/brownfields.htm

US Conference of Mayors  
usmayors.org/brownfields

## Brownfields: Before and After

### Wheeling, WV

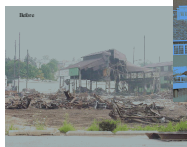
Wheeling Stamping Co



- ✕ 100 jobs
- ✕ Corporate headquarters

### Conshohocken, PA

Riverwalk Apartments at Millennium



- ✕ 375 apartments



## Appendix 1 States with Model Policies: The TIF-Brownfields Connection

Brownfields redevelopment could get a real boost if states designed their TIF authority and financing programs in order to facilitate the brownfields-TIF connection. A number of states have done exactly that. State-facilitated TIF for brownfields can be thought of as a three-step process.

### 1. TIF Enabling Legislation – Getting the Basics to Work for Brownfields

First, for states that currently restrict use of TIF proceeds to public infrastructure, consider modifications to TIF enabling legislation to allow site assessment, remediation, and site preparation as eligible activities. In 2007, Kentucky modified their enabling legislation to include environmental remediation as an eligible use of TIF proceeds.

### 2. Escalate Benefits for Brownfields and Other Priority Redevelopment Activities

States should consider ways to give preference to brownfields and other priority redevelopment projects. This is where a number of states stand out in modifying their statutes to, in effect, make brownfields investments more attractive.

**Minnesota's Hazardous Substance Subdistricts** - Hazardous Substance Subdistricts permit the frozen tax value - or "base" value - in a subdistrict to be written-down by the cost of cleanup, thus increasing the increment and potentially bringing greater subsidy levels into a deal.

Minnesota also provides another way to give preference to priority redevelopment activities: they vary the term of the TIF from 8 to 25 years with the 25-year terms reserved for projects that are addressing blight or producing low and moderate income housing.

**Wisconsin's Environmental Remediation Tax Incremental Financing (ERTIF)** – In 1997, Wisconsin created the ERTIF program which represents a new twist on previous Wisconsin TIF authority, which was already one of the more permissive enabling statutes. Both ERTIF and traditional TIFs can be used for brownfields. The ERTIF has been tailored to brownfield projects in a several key ways:

- Acquisition and cancellation of delinquent property taxes are included as allowable expenses (remediation and demolition are also eligible under *both* TIF authorities);
  - If the site is publicly owned the base value may be calculated as zero;
  - ERTIF projects are exempt from the value limitations that restrict a community's ability to use TIF for other projects.

**New Jersey – Exceptions to Debt Limitations** - In 2002 New Jersey updated their TIF statute, giving a distinct advantage to state designated "Redevelopment Areas," by allowing Redevelopment Area TIF districts to create debt that is not subject to the same debt limitations as other local bond issuances. Redevelopment Area bonds, rather than counting against municipal debt limitations, are allowed to use alternate sources of security, such as Payment in Lieu of Taxes and special assessment districts.

### 3. Create or Modify State Financing Mechanisms to Complement and Supplement Local TIF Funds

**Michigan: Brownfield Redevelopment Authorities and TIF-Complementary Financing Programs** – Michigan allows local units of government to establish a TIF district and capture the property tax increments to provide reimbursement for the costs of the eligible cleanup and site preparation activities. Local Brownfields Redevelopment Authorities (BRAs, the entities that govern the TIF plans) also may establish a Local Site Remediation Revolving Fund from surplus captured taxes in order to cover cleanup and site preparation at other designated properties in the BRA's jurisdiction.

Recognizing the mismatch between how the bond market works and how brownfields projects work, Michigan created three alternative financing vehicles, including Brownfields Redevelopment Grants (BRG) and two loan programs - Brownfields Redevelopment Loans (BRL - for cleanup) and Revitalization Revolving Loans (RRL - for demolition and site preparation). The two loan programs are designed to work with TIFs, as they feature flexible repayment terms, such as

no payments due for the first five years and 2 percent interest rates. These terms are an ideal match with front-loaded, long-lead-time brownfields projects.

**Connecticut's Brownfields Redevelopment Authority (CBRA)** - CBRA offers financing for brownfields remediation through its parent organization, the Connecticut Development Authority (CDA). CBRA deals are three-party transactions between CBRA, the developer, and the municipality, through the following steps:

1. The municipality pledges a portion of future incremental tax revenues towards the cost of the remediation of a specified site;
2. CBRA converts the city's pledge of future incremental revenues into an upfront cash grant to the developer;
3. The pledged tax revenues re-pay the CBRA grant over a period of years. CBRA takes the risk for non-performance, in effect guaranteeing repayment.

The grant proceeds can be used for accepted expenses directly related to the remediation of the project. The project can be located in any municipality (169) in Connecticut. CBRA acts as the conduit for the pledged monies thereby taking the risk away from the municipality.

**Pennsylvania's Tax Increment Financing Guarantee Program** - Pennsylvania's guarantee program is designed to assist local TIFs that qualify under a strict definition of blight removal. The state's guarantee, up to \$5 million per project, can serve as an important credit enhancement that can make the difference between a feasible and an infeasible project. TIF proceeds may be used for infrastructure and environmental remediation costs for industrial enterprises and retail establishments. The state gives priority to brownfields sites as one of several program criteria. The program is funded to provide \$100 million total in guarantees.

**Kentucky and Mississippi: Bringing State Tax Revenues to a Deal** - Most TIF projects work with local property taxes as the revenue stream, but for some projects that is not enough to cover a financing gap. If the state places a high priority on a particular public objective (job creation in distressed areas, for example) it can structure the TIF statute to offer an option of bringing certain state revenues into the mix if the project meets those criteria.

Kentucky's 2007 modification of the TIF statute potentially brings all state revenues (state real property taxes, sales taxes, individual and corporate income taxes, and limited liability entity taxes) into the mix if the project: 1) meets three of seven findings related to economic distress and blight; 2) exceeds \$20 million investment; and, 3) involves mixing uses with no more than 20 percent retail.

Mississippi designed a TIF vehicle to facilitate a single project: a 540-acre former-chemical plant on the Mississippi

River in Vicksburg, Mississippi. Under an agreement adopted under special legislation by the Mississippi state legislature, all state taxes (sales, income, and franchise taxes) will be rebated to the developer for ten years or 2½ times the cleanup costs, whichever is less. With this financing in place, Silvertip Properties (the developer) is proceeding with an \$8 million cleanup, which is paving the way for a planned resort and casino.

## Websites and Legislative References - States with Model TIF Policies

**Connecticut's** Brownfields Redevelopment Authority:  
[www.ctbrownfields.com/Content/Grants.asp](http://www.ctbrownfields.com/Content/Grants.asp)

**Kentucky's** 2007 reforms, bringing in state revenues:  
[www.klc.org/UserFiles/KLCD-07-MayJune-web\(3\).pdf](http://www.klc.org/UserFiles/KLCD-07-MayJune-web(3).pdf) Link to HB49:  
[www.lrc.ky.gov/record/07RS/HB549.htm](http://www.lrc.ky.gov/record/07RS/HB549.htm)

**Michigan's** Brownfields Redevelopment Authorities:  
[www.michigan.gov/deq/0,1607,7-135-3311\\_4110\\_23246---,00.html](http://www.michigan.gov/deq/0,1607,7-135-3311_4110_23246---,00.html)

**Michigan's** TIF friendly loan programs  
[www.michigan.gov/deq/0,1607,7-135-3311\\_4110\\_29262---,00.html](http://www.michigan.gov/deq/0,1607,7-135-3311_4110_29262---,00.html)

**Minnesota's** Hazardous Substance Subdistricts:  
[www.house.leg.state.mn.us/hrd/issinfo/sstif.htm#Q7](http://www.house.leg.state.mn.us/hrd/issinfo/sstif.htm#Q7)

**Minnesota's** TIF categories w/ variations in term lengths:  
[www.house.leg.state.mn.us/hrd/issinfo/sstif.htm#Q7](http://www.house.leg.state.mn.us/hrd/issinfo/sstif.htm#Q7)

**Pennsylvania's** Tax Increment Financing Guarantee Program: [www.newpa.com/programDetail.aspx?id=45](http://www.newpa.com/programDetail.aspx?id=45)

**Wisconsin's** ER-TIF Program:  
[www.dor.state.wi.us/forms/govtif/ercomp.pdf](http://www.dor.state.wi.us/forms/govtif/ercomp.pdf)



Cherokee's redevelopment of the Gates Rubber plant in Denver ties into Denver's new light rail line. Key public financing? An \$85 million TIF.

## Appendix 2 Other Approaches States Should Consider

States offer an array of financial tools and incentives that focus on various aspects of the brownfield redevelopment process, including site assessment, cleanup, site preparation (including demolition), and redevelopment activities. As such, “model programs” really must fit the needs of predominant brownfield situations within states; programs tailored to cleanup and reuse of large, abandoned industrial complexes will not address the circumstances characteristic of small vacant gas stations or retail operations. As indicated above, state policies fall into three broad categories:

- Direct grants and financial support for brownfield cleanup and reuse;
- Tax incentives linked to site reuse; and
- Special purpose financing programs

**Direct grants:** Many states offer direct grants and loans for site assessment and remediation. *Indiana* has adopted a “just in time” Phase II site assessment program, offering \$50,000 grants to expedite projects at brownfields where a company or developer is “imminently interested” in reusing a property.

**Tax incentives:** Tax incentive programs can increase a project’s cash flow by allowing available sources of revenue to be used for brownfields revitalization purposes rather than for tax payments. Most tax incentives are used to offset cleanup costs or to provide a buffer against increases in property value that may result in an increase in tax assessments before the site preparation costs are paid off. A growing number of states offer some form of income tax credit for brownfields investments. *Illinois, Colorado, Louisiana, Kentucky, Massachusetts,* and *Wisconsin* offer remediation tax credits to reduce



Baltimore’s Montgomery Ward warehouse - vacant for 20 years – was redeveloped due to creative local, state, and federal financing.

the impact of cleanup costs on project balance sheets. *New Jersey* provides rebates of sales taxes generated by new commercial developments on brownfield sites as a way to offset cleanup costs. *Florida* has adopted significant tax incentives to encourage development of affordable housing on brownfield sites. And *Missouri* offers a tax incentive “menu” to enhance a site reuser’s financial flexibility; new owners can select from a range of tax incentives. Two states – *New York and Michigan* – offer income tax credits that apply to a percentage of all development costs (not just remediation), although New York’s credit was recently limited to three times cleanup costs.

Moving to the property tax side, *Texas and Maryland* defer increased property taxes attributed to the new use and enhanced value of restored brownfield sites.

**Special purpose financing programs:** A growing number of states are starting to link financial incentive programs to brownfields by targeting specific property types, such as discarded tire piles or abandoned dry cleaners, to broader brownfield site remediation efforts. A number of states – such as *Tennessee, South Carolina, Missouri,* and *Connecticut* – established dry cleaner funds to address operating and abandoned dry cleaner sites. The *Kansas* Agricultural Remediation Fund supports cleanup of properties with ag-related contaminants. *Massachusetts* provides subsidies to facilitate use of environmental insurance – which can leverage substantial private investment because of the certainty it brings -- typically for key projects in distressed areas.

### Reinforcing State Priorities:

Some interesting ways that states target their brownfields incentives to state priorities:

- *New York’s* brownfields tax credit escalates based on whether: the use is manufacturing; the cleanup is complete (no use restrictions); and the location is in a distressed area.
- *Delaware and Florida* grant bonuses to their credit for every job created in a distressed area;
- *Florida’s* remediation credits, usually 50%, escalate to 75% if the project produces affordable housing or new health care facilities;
- *Iowa’s* recently adopted brownfields-greyfields credit escalates if the redevelopment meets green building standards.





**SAMPLE FACT SHEET:  
State-Facilitated Tax  
Increment Financing for  
Brownfield Redevelopment**

Reinvesting in brownfields increases property values, creates jobs, and revitalizes neighborhoods. Public

financing tools can help make this type of redevelopment possible. When tailored correctly, tax increment financing (TIF) can be an extremely effective incentive in closing funding gaps on brownfield sites, particularly for large-scale projects. **State-facilitated TIF financing for brownfield redevelopment** is a set of approaches used to better align state TIF policies with local TIF financing of brownfields cleanup and redevelopment.

**Neighborhood revitalization**

Brownfield cleanup and redevelopment brings new life to areas that are often barren and blighted as a result of previous contamination. This type of development raises surrounding property values and helps spur neighborhood revitalization.

**Economic gains**

Redeveloping brownfields can bring formerly blighted properties back onto tax rolls, reducing costs associated with code enforcement and maintenance, and increasing state and local tax revenues.

**Employment opportunities**

Brownfield redevelopment helps create jobs, both during the cleanup and building process, but also afterwards, when new retail or office space is created.

**THE NEED IN  
[INSERT STATE]**

*INSERT state-specific details, including:*

- *Number of brownfield sites in the state.*
- *Number of TIF districts in your state.*
- *Projections about potential payoffs of brownfield redevelopment, including job creation, community redevelopment, and human health benefits.*
- *Example(s) of a brownfield redevelopment success story or need in your state.*

**TIF Financing Success Stories**



In Atlanta the Atlantic Steel site is now Atlantic Station – a \$2 billion new urbanist project leveraged by a \$167 million TIF.



Portland's South Waterfront project features numerous sustainable elements, including solar exterior sunshades (above), habitat restoration, and connection to an urban greenway. A \$17 million TIF is paving the way for a \$2.2 billion investment.

**SUPPORTERS**

*INSERT: List local supporters here. They might include business and real estate professionals, local governments, environmental advocacy, housing and community development NGOs, and taxpayer watchdog groups.*