



## What is a TIF/RID?

Most properties are not in a TIF or RID district. If you are in a RID district you will have a second parcel that ends in the letter "R". For commercial properties in a TIF district the second parcel will end with the letter "T".

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### **RID** Explanation (Residential Incentive District)

A RID is legislation enacted by an entity to help pay for public improvements. The entity chooses to divert a portion of tax the taxpayer is already earmarked to pay, for a determined period of time (usually 30 years). The taxpayer pays no more or no less as a result of the RID. Each taxing authority agrees to give up their portion of the RID money for this period of time.

At the time the RID is enacted, the value of the parcel is locked. Those taxes against that locked value are calculated, billed and distributed to the county, township, schools, etc. in the normal fashion. Any increase in the value from that point on is put on an exempt parcel. This parcel is coded as exempt in order to avoid a bill being calculated.

The exempt parcel looks identical to the real taxable parcel except that it ends in an "R". The taxes are calculated against the value on the exempt parcel and assigned to the regular, taxable parcel as a special assessment.

In order for a taxpayer to see their 100% true market value, they must add the values on their regular bill to the exempt or "R" parcel.

Example: House is \$100,000 at time of RID. From that point on, the taxes collected on that \$100,000 get distributed the usual way. If the house increases to \$125,000 in value, the taxes on the new \$25,000 are diverted to the township or municipality that has established the RID.

### **TIF** Explanation (Tax Increment Financing)

A TIF is set up in a similar fashion to a RID, but is used in public improvements for commercial developments. An example of an area created using TIF funding is Union Centre Blvd. in West Chester Township