

## What is a Tax Increment Financing (TIF) Agreement?

A TIF Agreement is a local real estate property tax exemption negotiated and executed between a host municipality and an expanding or relocating company. The business must be making a significant private investment that increases the base assessed value of the property as the tax abatement is given only on the incremental increase in the property value.

Per the M.G.L. 40 § 59, Tax Increment Financing Agreements:

- Can be located in any of the Commonwealth's 351 cities and towns.
- May be associated with an EDIP Certified Project Application, but also may apply as a Tax Increment Financing Only Project.
- Have a minimum duration of 5 years and a maximum duration of 20 years.
- Have an incremental real property (and personal property tax if the municipality so chooses) tax exemption between 5% and 100%.

### Tax Increment Financing (TIF) Agreement Mechanics

