



CITY OF
TRAVERSE CITY

CITY PROPOSAL 1

Infrastructure First TIF Plan

October 5 , 2026
City Commission Meeting

Benjamin Marentette, City Manager



HOW TO READ YOUR PROPERTY TAX BILL

TIF is not a new tax

TAX DETAIL		
Taxable Value:	101,098	RESIDENTIAL-IMPROV
State Equalized Value:	133,200	Class: 401
PRE (Homestead) %:	100.0000	
		Mort Code: 00018
Taxes are based upon Taxable Value. 1 mill equals \$1.00 per \$1000 of Taxable Value. Amounts with no millage are either Special Assessments or other charges added to this bill.		
DESCRIPTION	MILLAGE	AMOUNT
CITY	11.53580	1,166.24
CITY ACT 345	2.32000	234.54
CITY FIRE 2023	0.98010	99.08
COUNTY	4.54660	459.65
BATA	0.45890	46.39
NORTH ED	2.84940	288.06
STATE ED	6.00000	606.58
TCAPS-OPERATING	18.00000	EXEMPT
TCAPS-DEBT	3.10000	313.40
NMC-OPERATING	0.98940	100.02
Total Tax	50.78020	3,313.96
Administration Fee		16.56
TOTAL AMOUNT DUE		3,330.52
		0.00

Taxable Value

- Property taxes are calculated using the property's Taxable Value, not its market value.
- Sample Taxable Value: \$101,098

Millage

- Each taxing jurisdiction has an individual millage rate.
- 1 mill = \$1 of tax for every \$1,000 of Taxable Value.

Taxing Jurisdictions

- The Description column identifies the taxing jurisdictions and authorities receiving property tax revenue, such as the City, County, BATA, Northwestern Michigan College, and school-related millages.

Amount

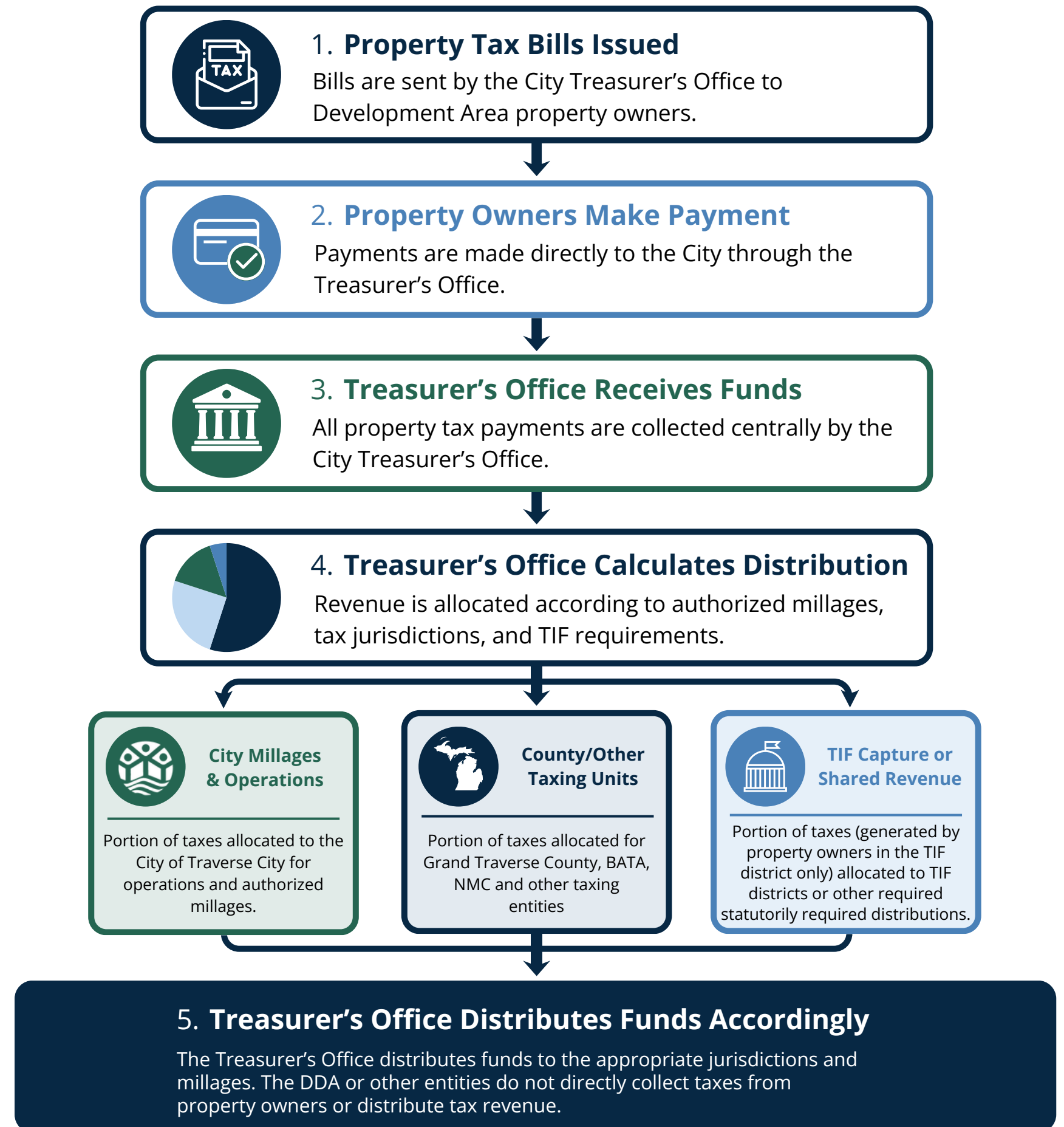
- The Amount column shows the property tax associated with each millage on this bill.

Total Tax

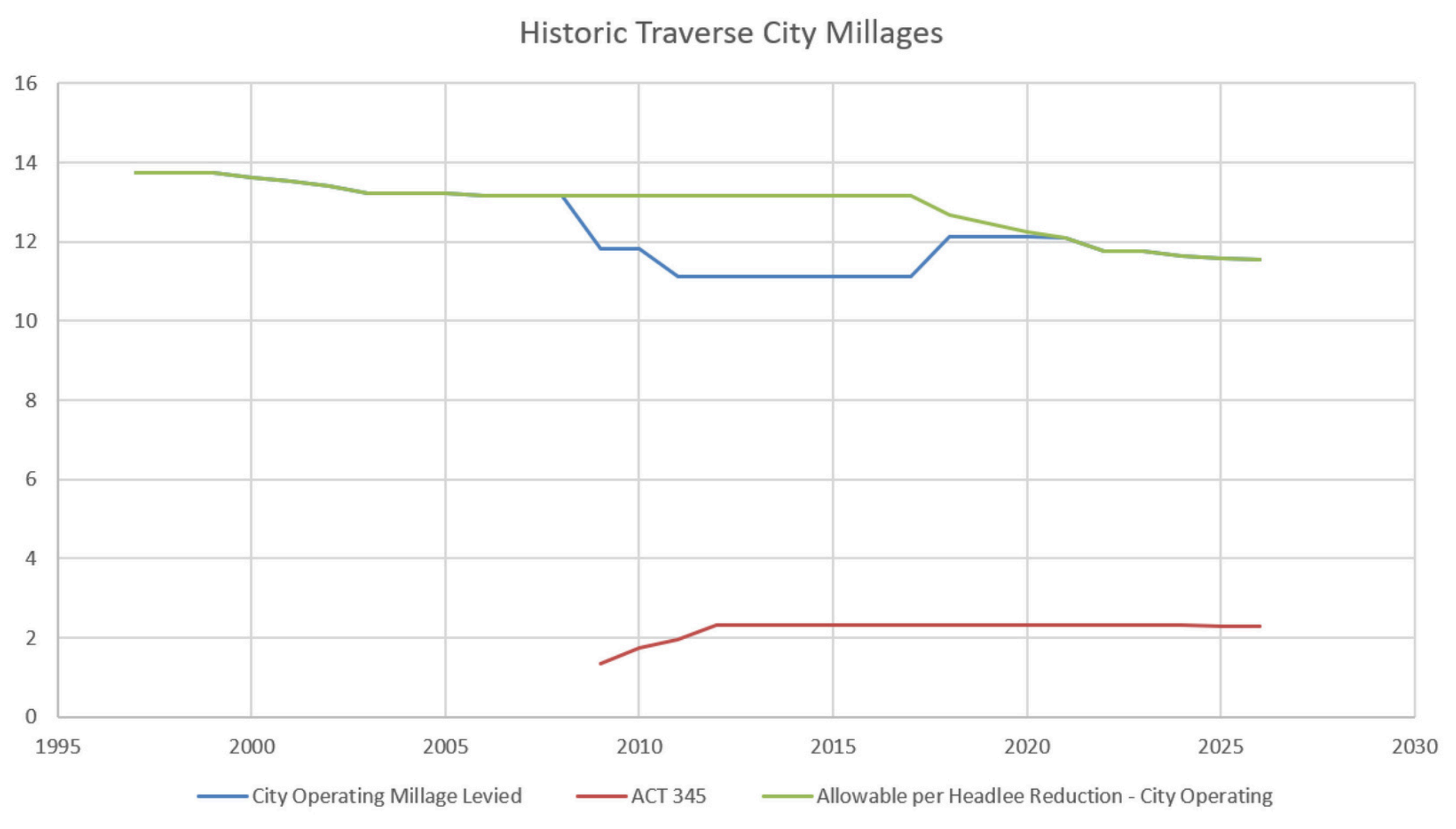
- The individual amounts are combined to determine the total property tax due, with any applicable fees shown separately.

CITY OF TRAVERSE CITY

Property Tax Flow Chart



CITY MILLAGE TAX RATE HISTORY



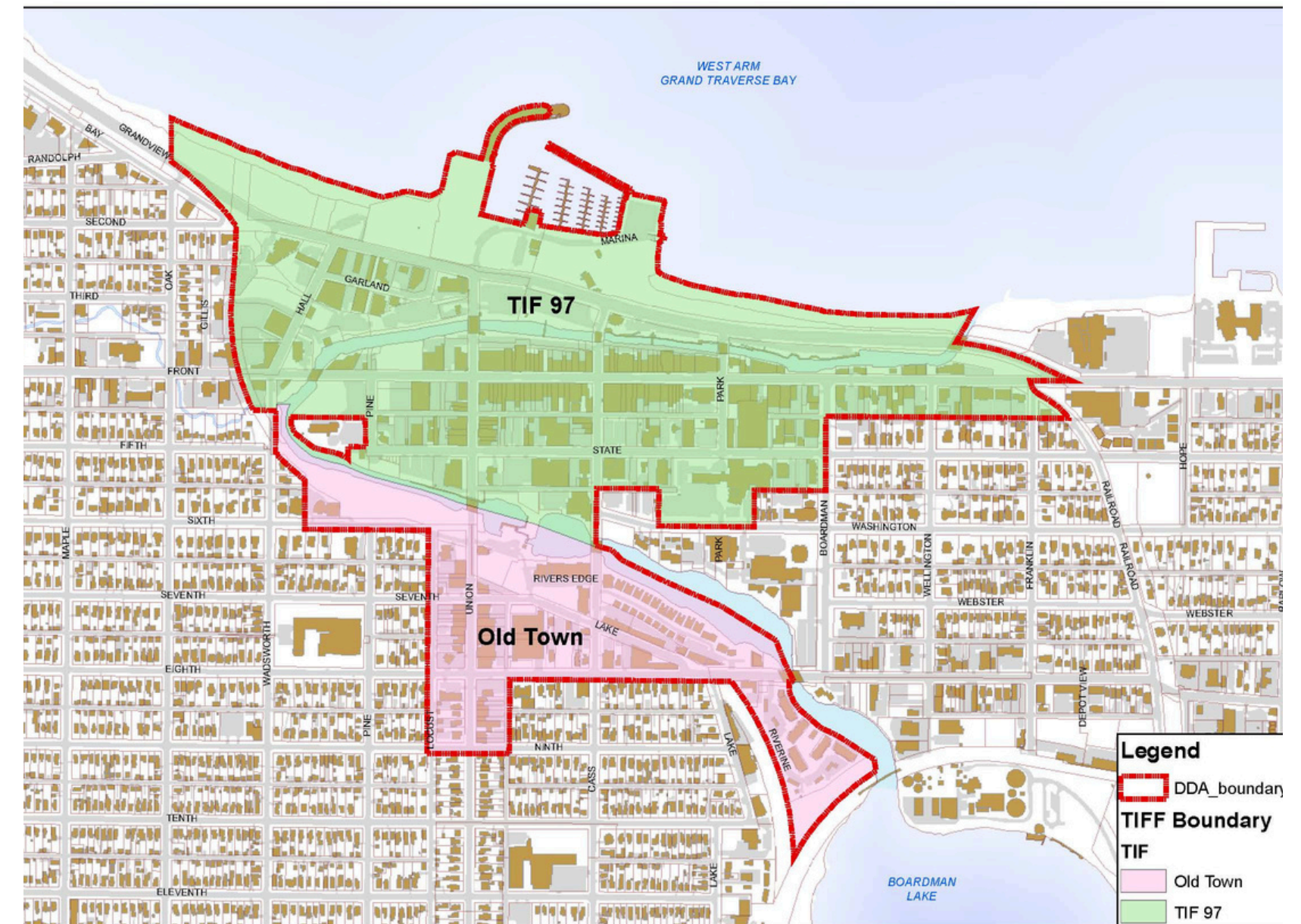
The City's tax millage rate has hovered around 11 - 12 mills for the last 30 years (the life fo the Plan)

WHAT IS TAX INCREMENT FINANCING (TIF)?

Tax Increment Financing (TIF) is a financing mechanism —not a new tax.

What is Tax Increment Financing (TIF)?

- TIF uses a portion of the growth in property tax revenue generated within a defined district to fund eligible public improvements and activities identified in an approved TIF plan.
- Property owners within the district do not pay an additional property tax because of TIF. Instead, TIF determines how a portion of eligible property tax revenue already being collected is distributed.
- Taxes are collected by property owners in the district ONLY



TIFS IN GRAND TRAVERSE COUNTY

City and Outside the City

City of Traverse City/DDA TIF

- TIF 97 — covers much of the downtown core
- Old Town TIF — covers the Old Town area

Elsewhere in Grand Traverse County

- DDA/TIF districts in Kingsley, Fife Lake, and Green Lake Township (Interlochen DDA)
- East Bay Township Corridor Improvement Authority district
- Brownfield TIF districts administered by Grand Traverse County for individual redevelopment projects (for example, Grand Traverse Commons)



TAX INCREMENT FINANCING

DDA and the City

The Traverse City Downtown Development Authority (DDA) is a component unit of the City of Traverse City.

- DDA Board members are appointed by the City Commission.
- The DDA's annual budget is subject to City Commission approval.
- The DDA has its own millage applied to property within the DDA district.
- Major infrastructure projects on City-owned property are subject to City Commission approval.

TIF and the DDA are not the same thing.

- TIF is a financing mechanism of the City, administered by the DDA, to fund eligible expenditures identified in an approved TIF plan.



TIF 97 HISTORY

A Timeline

1997

- TIF 97 was established for a 30-year period and covers much of downtown Traverse City.

1998–2027

- Tax increment revenue has been collected within the district and used for eligible expenditures and public infrastructure identified through the TIF plan.

December 31, 2027

- The existing TIF 97 plan is scheduled to expire.



City Proposal 1

Voters are being asked whether to amend and extend the plan for 20 years, from January 1, 2028 through December 31, 2047.

HOW TAX INCREMENT FINANCING WORKS

**One Dollar of
TIF Funding**



\$4.5 million

**City Capture
53-Cents**



\$2.6 million

**Regional Capture
47-Cents**



\$1.9 million

=

Respective Budgets with TIF

Downtown (TIF-97) revenue
\$4.5 million
With taxes only from TIF district
property owners

City General Fund revenue
\$26.9 million
With taxes from all City property
owners, including TIF district

TIF 97 INVESTMENTS

Notable Projects in the TIF 97 Plan

- **Larry C. Hardy Parking Structure**
- **Clinch Park/Bay Front Improvements**
- **Riverwalks and River Access**
- **W. Front Street Pedestrian Bridge**
- **Streets and Streetscapes**
- **Garland Street Reconstruction**
- **Public Restrooms**
- **W. Front Street Bridge Reconstruction**
- **Park and Cass Bridge Rehabilitation:** N. Union targeted for 2027
- **City Opera House Improvements**
- **Public Art**
- **Farmers Market:** Underway
- **Rotary Square:** Construction targeted for spring 2027





MAINTAINING DOWNTOWN

Current Maintenance & Services

Annually Funded by TIF 97 = \$1,137,000



General Maintenance

- Service Agreement (increases 1.5% annually): \$520,000
 - Contribution to General Fund to offset city services such as staff support (Treasury, Engineering, & Human Resources, DPS/Parks, Downtown Police Officer)
- Trash & Recycling (GFL): \$60,000
- General Infrastructure Contribution & Repairs: \$320,000
- Additional Contributions
 - Landscaping, flowers, and maintenance: \$32,000
 - Clean Green Services: \$105,000
 - Holiday lights: \$100,000

PROPOSED 70/30 REVENUE SHARING

What is Different? Revenue Sharing Plan

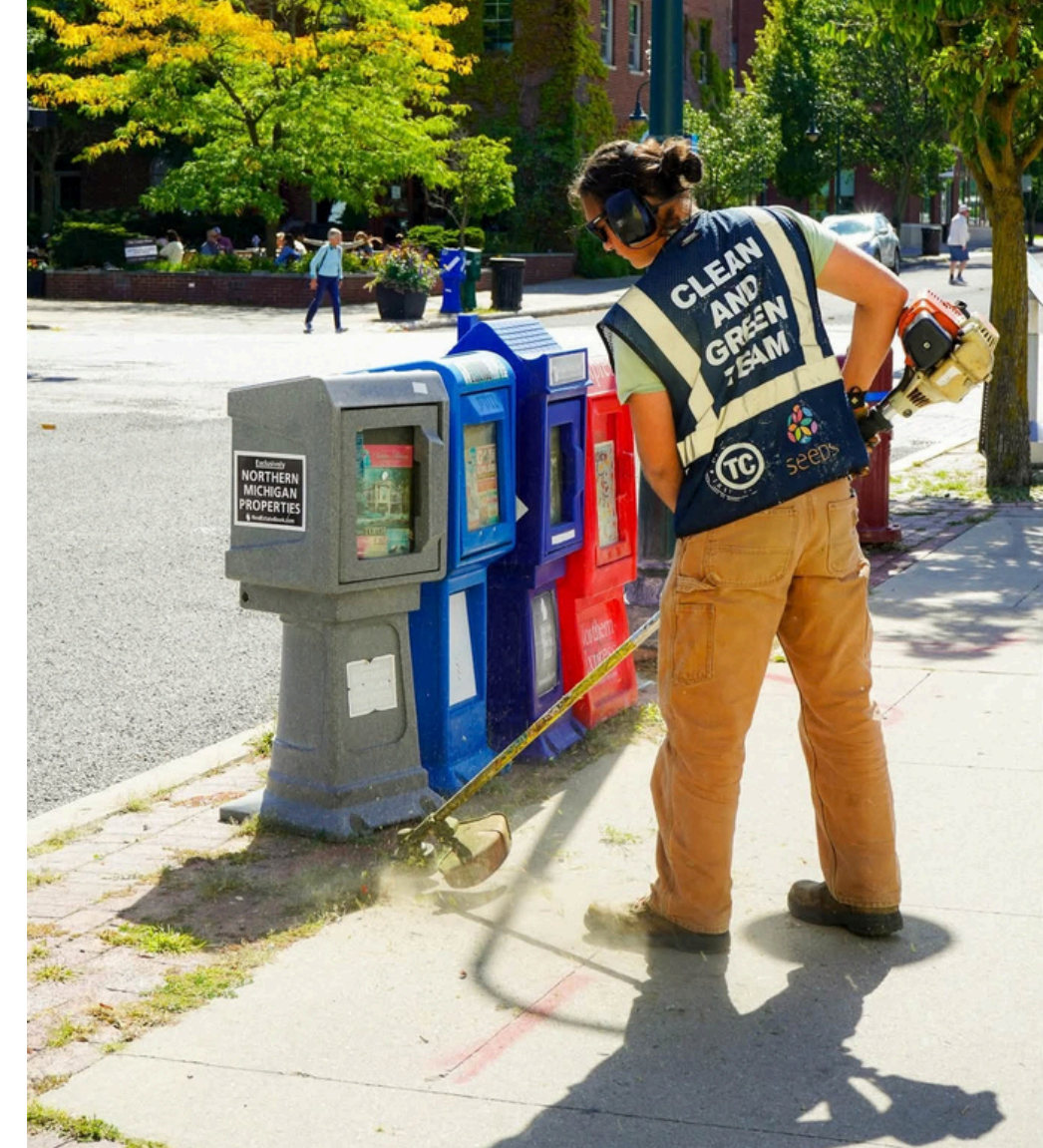
70% / 30% Revenue Sharing

- Under the proposed Infrastructure First TIF Plan
 - **70%** of eligible tax increment would be captured by the DDA for uses identified in the TIF plan.
 - **30%** would not be captured and would remain with the taxing jurisdictions that otherwise receive that revenue.

Millage Exemptions

- Certain taxes are not subject to ordinary DDA TIF capture, including school operating taxes and the State Education Tax and the Library millage.
- The Plan adds another exclusion: Special City or County millages approved on or after January 1, 2023 would not be captured.

The 1997 statutory base remains unchanged, while the percentage of eligible increment captured is reduced.



70% / 30% Split

City of Traverse City

~\$18M Additional Revenue
(\$730,570 in 2028)

Grand Traverse County

~\$7.2M Additional Revenue
(\$290,683 in 2028)

PROPOSED PROJECTS

Infrastructure First TIF Plan

2% Stormwater Allocation

- Currently, the City has no dedicating funding source for stormwater management

Boardman/Ottaway River - Restoration & Infrastructure

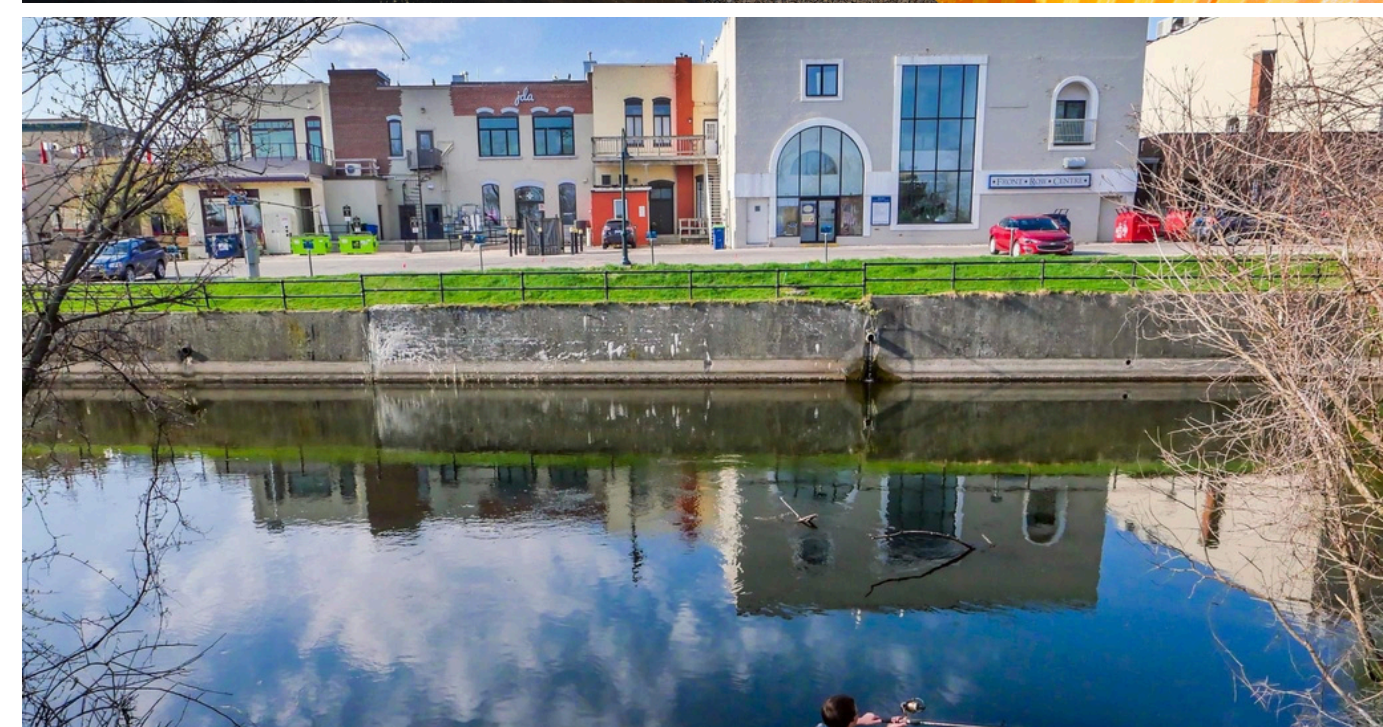
- Five Phases: Focused on shoreline restoration and access
- Phase 1: Replacement of pedestrian bridge from Jay Smith Walkway to Lot B (Farmers Market Lot)

East Front Street Reconstruction

- Include street scapes and Complete Streets amenities

West Bay Shoreline Stabilization

- Identified in the Brown Bridge Trust Fund Project list developed through public engagement



FREQUENTLY ASKED QUESTIONS

The facts about Tax Increment Financing

- **Is TIF DDA Money**

- TIF is a funding mechanism for the City, administered by the DDA

- **Is TIF a tax?**

- No, TIF is not a new tax. It captures the increase in taxable value within the defined district
- Only property owners in the defined district contribute
- Taxes generated by growth above the base year are captured and are reinvested within the district

- **Will the City lower taxes if Proposal 1 is not approved by the voters?**

- There is no indication that property taxes are going up or down if TIF passes or does not pass.

- **Why can't the City use grants?**

- While the City and DDA seek grant funding for a wide array of City initiatives, grant funding is not guaranteed.
- Long-term revenue sources, such as TIF, provide a defined funding stream for eligible projects, that can be borrowed against for bonds or other financing, allowing certain infrastructure costs to be financed over multiple years.

- **Does TIF give money to developers?**

- Under Michigan Law, TIF can only be used to fund public infrastructure. TIF funds cannot be directly granted to private developers for private development projects

THANK YOU



LEARN MORE

traversecitymi.gov/tif.html

