

Do Tax Increment Finance Districts Stimulate Growth in Real Estate Values?

David F. Merriman, Mark L. Skidmore, Russ D. Kashian

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Abstract

We use data on all Wisconsin municipalities during the period 1990–2003 to study the effect of tax increment finance (TIF) on economic development. We use appropriate statistical techniques to measure the impact of TIF and control variables on aggregate property values. We also examine the possibility communities that use TIF are self-selected. We find little evidence that TIF has led to significant increases in aggregate property values or that TIF increases the total value of residential and manufacturing property within a community. Surprisingly, we find positive impacts for commercial TIF districts.

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