**Fiscal Facts: Milwaukee’s use of TIF for streetcar unusual among peer cities**

The extent to which Milwaukee relies on tax increment financing to fund its streetcar, The Hop, sets it apart from streetcar systems in other cities.

Of 10 cities examined in a recent report by the Wisconsin Policy Forum, Milwaukee is the only one to use tax increment financing, or TIF, as its primary local revenue source for development of its streetcar system.

However, most financing mechanisms used by other cities to develop streetcar systems are not available to Milwaukee under current state law.

TIF is the primary development tool municipal governments use to encourage private development. This form of financing can make private development projects viable by using public funds to pay for infrastructure improvements and other costs within a designated district. The municipality generally borrows money for the improvements and pays it back over time through increased property tax revenues generated by the new development.

The city of Milwaukee dedicated $59 million in TIF funding to construct the first phase of The Hop and has proposed using another $51.8 million for extensions.

Overall, TIF use is on the rise both in Milwaukee and statewide. The city of Milwaukee used TIF at about half the average statewide rate in 2000 but caught up to match the state in 2018.

The report found other aspects of Milwaukee’s streetcar funding approach to be typical compared to other cities. Most streetcar projects studied in the report were funded with a mix of federal and local dollars, and Milwaukee’s mix of the two falls in line with the national average.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at wispolicyforum.org.*