Can we use a tax stabilization agreement for a CHIP site?

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Yes. However, municipalities should consider this carefully.

A tax stabilization agreement can help make a project financially feasible, especially for challenging or high-cost developments. In some cases, it may help a project move forward that otherwise would not happen.

At the same time, a tax stabilization agreement may reduce or delay the increase in property tax revenue that CHIP relies on to fund infrastructure improvements. This can affect project financing and make administration of the CHIP district more complicated.

Communities also should consider public perception issues, such as fairness, transparency, and the long-term impact on the tax base.

A key question to ask is: Would a smaller or delayed tax increment with a stabilization agreement be better than no project (and no increment) at all?

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