

TID SEMINAR AND FOLLOW/UP QUESTIONS

Chris Straight, Senior Planner of the West Central Regional Planning Commission and Brian Reilly, Financial Advisor of Ehlers Inc. presented the information to the Polk County Towns Association Meeting participants April 28th, 2011.

The Wisconsin Department of Revenue website has a wealth of additional Town TIF information at <http://www.revenue.wi.gov/forms/govtif/townbase.html>, including discussion of the different eligible projects by NAICS code.

The following is a brief summary/follow-up on two questions that were asked by participants:

1) Can a TIF District (TID) be formed for an anaerobic digester or wind tower? As discussed last night, not less than 75% of the real property within the district must be used for a single one of the following project types as defined by NAICS code with certain limitations within four categories: agriculture, forestry, manufacturing, or tourism. If a TID was formed for an eligible agricultural or manufacturing operation, and the digester or wind tower is ancillary or supports the related principal project, then it might be eligible to be included within the TID. But to form a TID with a wind generator or methane digester as the centerpiece project type for which the TID is created is less likely to be eligible. "Other electric power generation", including wind and solar, falls under NAICS Code 221119, which is not included in the list of eligible projects. However, anaerobic digesters are less clear, since this activity has not been given a single NAICS code to date; the USDA is working to address this. It is unclear if such a project would be treated as a support activity for animal production (NAICS 115210) which is an eligible category, or if the facility would be classified based on its methane output, which is unlikely to qualify. I can make additional contacts on this if needed, but prior to moving forward, I always suggest consulting legal counsel if the eligibility of a project or project cost is in doubt.

2) Is the land in the TID private or public owned? I wanted to expand a bit on this topic. The TID can have a mix of private or public land, as long as the 75% criteria (see #1 above) are met. It is not unusual for a municipality to purchase property within a proposed TID then sell it to the developer at a lower price with the TID repaying the municipality for the difference (i.e., real property assembly costs). But I wanted to make clear, that it is to the advantage of the municipality to have the property in private, taxable ownership once the TID created, so that the tax revenues from any improvements on the property are captured as part of the tax increment. Improvements on non-taxable property within the TID will not contribute to repaying the project costs.