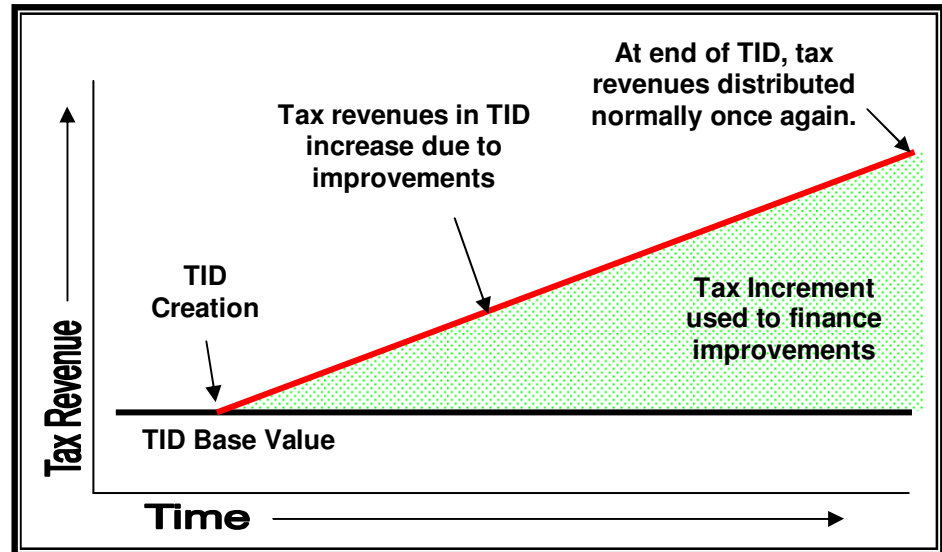


## Highlights of Town Tax Increment Districts (TIDs)

Starting October 1, 2004, Wisconsin towns were given the authority to create tax increment financing (TIF) districts.

Tax Increment Financing is a public financing method which uses the tax revenue gains (or *increment*) as a result of public improvements within a defined district to finance the debt for the improvements.



### Eligible Town TIF Projects

Not less than 75% of the TID real property area is to be used for projects of a single one of the following project types: (1) Agriculture, (2) Forestry, (3) Manufacturing, and (4) Tourism. North American Industrial Classification definitions are used, which excludes certain activities (e.g., sports camps, distilleries), so be certain to confirm eligibility. Also eligible is retail development which sells product produced by 1-3 above, or residential development incidental to 1-4 above.

### Eligible Town TIF Expenditures

Project costs are limited to those directly benefitting one of the four eligible project types as identified in the project plan, including:

- capital costs & infrastructure
- real property assembly costs
- administrative costs
- financing costs
- professional services (e.g., planning, A/E)
- organizational costs related to creation

Costs that are not eligible include cash grants, administrative buildings, facilities typically financed with utility user fees, and general governmental operating costs.

### TID Terms

- 16 years maximum life with all expenditures within 5 years of adoption
- TID is terminated when aggregate increments received cover total project cost OR at end of TID life, unless dissolved earlier by Town Board
- Either the total equalized value of the property within all TIDs does not exceed 7% of the total equalized value of all taxable property within the Town OR the equalized value of property within the TID plus the value increment of all existing districts within the Town does not exceed 5% of the total equalized value of the taxable property within the Town.
- If TID within an extraterritorial jurisdiction area, need city or village approval by resolution.
- Town TID's may overlap, if not created on the same date.

## Project Plan

- Essentially the same as content as cities and villages. Towns, cities, and villages use the same common language guidelines, WisDOR example plan components, and TID Base Year Packet checklist.
- The planned improvement will “enhance significantly” the value of most of the other property in the district.
- If manufacturing, must be zoned for such and must remain zoned for industrial use for the life of the TID.

## TID & Project Plan Adoption Process

The Plan Commission prepares the project plan, conducts the public hearing, and adopts the plan. The Town Board adopts the boundary and creates the district. The adoption process includes some very specific timeline requirements. Overall, adoption is essentially the same as that of cities and villages, including the two Class 2 notices and a public hearing, with the following exceptions:

- Public hearing notice must be sent to all property owners in the TID
- Board must wait at least 30 days between the public hearing and the plan adoption.
- The Joint Review Board must act within not less than 10 days nor more than 30 days following receipt of the Board resolution; cities and villages no longer have to wait the 10 days.

A combined hearing can be held for both the TID boundary and the project plan. Most communities use a combined-hearing method.

## Who is the Joint Review Board?

The JRB is convened by the town and includes one town representative and one representative chosen by each overlapping taxing district--school district, technical college, and county. The JRB also selects one public member. The JRB has final approval on the TID by majority vote. Class 1 notice 5 days prior to meetings.

### “But For” Test

In approving a TID, the Board and JRB are attesting to their belief that the development expected in the TIF would not happen but for the use of tax increment financing. This test ensures that the TIF is necessary, and not a “give-away of tax dollars”.

## Base Value Determination, Start-Up, and Reporting

- September 30<sup>th</sup> deadline for the creation resolution. \$1,000 creation fee to WDOR.
- October 31<sup>st</sup> deadline for the base value certification application, which includes project plan, parcel information, resolutions, and assessor’s report for creation or amendments.
- If adopted by 9/30/11, would not capture tax revenue until 2013.
- Annual report to overlying taxing jurisdictions due by May 1<sup>st</sup>. \$150 annual fee to WDOR.
- 3 CPA audits: #1 - after 30% of expenditures, #2 - 12 months after end of expenditure period, #3 – 12 months after termination. Also, termination resolution and reporting.

## Future Plan Amendments

- Plan Commission may amend the project plan following similar adoption process, except that project expenditures may not exceed 7 years total.
- Only allows for territory amendments once during first five years of the TID with all amendment expenditures made within two years of the amendment. 7% / 5% rule applies.