

## Item 23-0562: Proposed Tax Increment Financing District #13 in Southpoint Commerce Park

Community & Economic Development Committee

Wed, May 24, 2023, 6:30PM

**Alderson Denise Fenton (District 6) 27:11**

Okay, moving—that was our only action items. So, moving to information items, we have number 23-0562 which is a discussion of proposed tax increment financing district number 13 in Southpoint Commerce Park. And who's going to speak to that?

**Matt Rehbein (Economic Development Specialist) 27:32**

I'll take this one.

**Alderson Denise Fenton (District 6) 27:33**

Okay.

**Matt Rehbein (Economic Development Specialist) 27:36**

So, after a very granular conversation about TIF districts, we're going to take a step back and talk very broadly about creating a new TIF district. Staff has been working on a TID plan for TID 13, which would encompass all of the Southpointe Commerce Park. We're not here to talk today about that project plan that'll be coming forthcoming. Really, this information item is, one, to give you a heads up of that it is coming and what to expect. Some of the notices are going to start going out before we actually sit down and start discussing it. So, we want to make sure that you're aware of the conversations. And also, just broadly give you an idea of what we're what we're talking about here and kind of the process and timing.



**Matt Rehbein (Economic Development Specialist) 28:25**

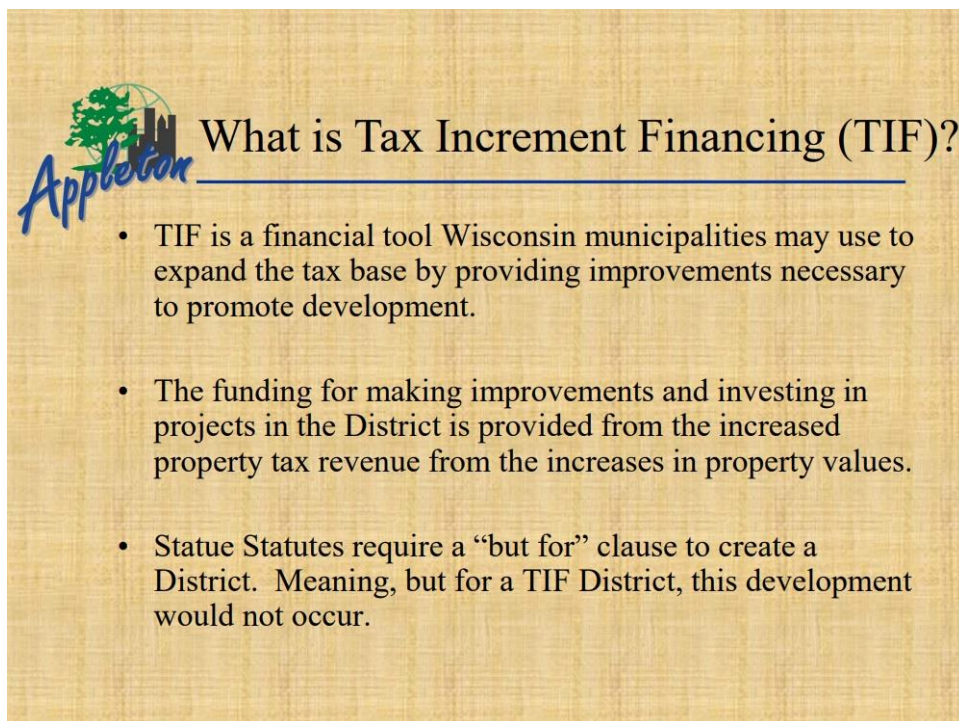
So, this proposed TID would be for the entire Southpoint Commerce Park. The primary reason is so that we can build out infrastructure in the area between Coop and Eisenhower. We've been bringing you a lot of offers to purchase for Southpoint. And as you know, we're running out of those larger parcels. And so, we're looking to develop that area between Coop and Eisenhower, put the infrastructure in, so that we can start to market that area as well to accommodate our industrial manufacturing users. So, the plans'll get into a lot more detail on that. But that's why we're looking at creating this.

**Matt Rehbein (Economic Development Specialist) 29:02**

So broadly speaking, after the conversation we just had, this is very pedestrian. But, you know, TIF is something—it's enshrined in state law, and it's really the only tool that cities have, or municipalities have to encourage development. And there are a number of ways that it can be utilized. We're looking at using these investments in projects in the district so that we're able to encourage development. Again, this would be an industrial manufacturing TID which allows for a 20-year life.

**Matt Rehbein (Economic Development Specialist) 29:37**

Also state statutes require that the "but for" clause be met. What that means is "but for" the use of TID, these projects would not happen. And basically, it is it is not economically feasible for a private developer to acquire this land, put in the infrastructure, sell it at a price that would make sense for a developer or for a manufacturer to locate here. And so that that's what substantiated with the "but for".



**Appleton** What is Tax Increment Financing (TIF)?

- TIF is a financial tool Wisconsin municipalities may use to expand the tax base by providing improvements necessary to promote development.
- The funding for making improvements and investing in projects in the District is provided from the increased property tax revenue from the increases in property values.
- State Statutes require a “but for” clause to create a District. Meaning, but for a TIF District, this development would not occur.

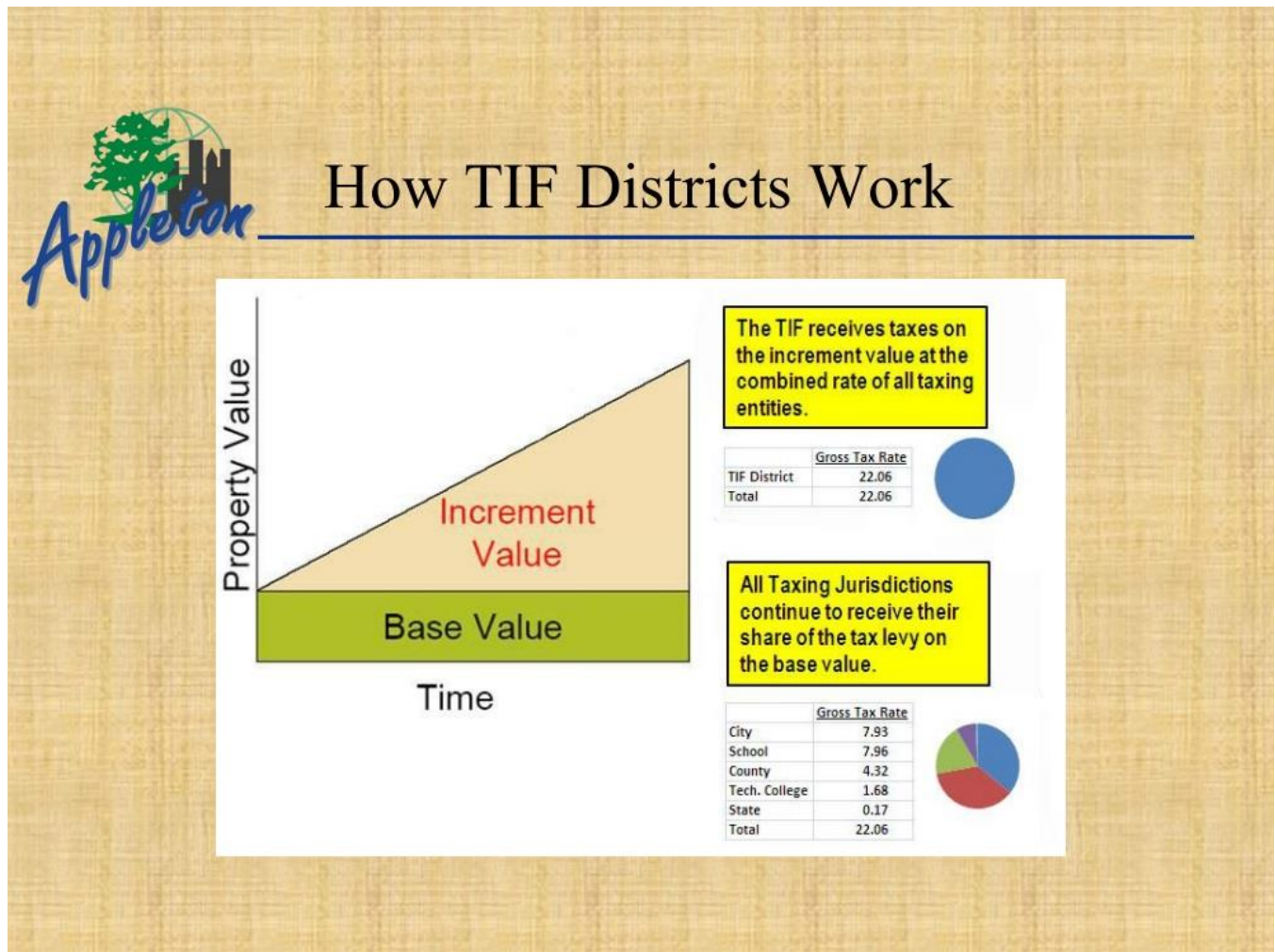
**Matt Rehbein (Economic Development Specialist) 30:09**

Very briefly, and we covered this well enough earlier in the previous conversation, that I'm going to go through this real quick. But just when we look at the timeline of a TIF district, that green area is the base value. So, when we create the TIF district, we take the base value of all the parcels in that district, and all the taxing entities agree, "we're okay for the life of the district; we're going to receive the same amount as we have been—or same

percentage amount as we have been." So that that's fixed for the school district, for the county, for the technical college, for the life of the district.

**Matt Rehbein (Economic Development Specialist) 30:49**


Obviously, we would hope that land gets sold, properties get improved upon, and that increment increases, which creates that tan area on the that graph that I have. That's the money that we then have to work with to either put in infrastructure, provide incentives to developers, or invest elsewhere to promote development. And so over time, that amount grows, and then once the TIF district closes, then everyone goes back to their pro rata share of the, hopefully higher, increment at the end of the life of the district. And as many of you realize, particularly in the area in—including Southpointe, we recently closed TID six. And so, we just experienced that, and that was a very successful TID, and all the taxing entities received a good bump from that.



**Matt Rehbein (Economic Development Specialist) 31:42**

This one is just an example with some specific numbers. We are looking at a base value of a million dollars, net construction—or new construction—of \$5 million for a total value of \$6 million. Those base taxes would have been \$22,060. It shows how that's split out between the city, school district, county and other taxing entities. And the increment value of taxes or the taxes on that \$5 million would be that \$110,000 shown on this example. And that's the money that we would then have to work with on an annual basis to provide the improvements

that we're looking forward to incent development. That \$22,060 is still going to be split out the same across all the districts for the life of the district.



## How TIF Districts Work: Example

Development Project Example:


- Base Value: \$1,000,000
- New Construction Value: \$5,000,000
- Total Value: \$6,000,000

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- Base Values Taxes: \$22,060
  - City: \$7,930
  - School: \$7,960
  - County: \$4,320
  - Vocational/Tech: \$1,680
  - State: \$170
- Increment Value Taxes: \$110,300
- Total Taxes Paid: \$132,360


**The TIF receives taxes on the increment value at the combined rate of all taxing entities.**

	Gross Tax Rate
TIF District	22.06
<b>Total</b>	<b>22.06</b>




**All Taxing Jurisdictions continue to receive their share of the tax levy on the base value.**

	Gross Tax Rate
City	7.93
School	7.96
County	4.32
Tech. College	1.68
State	0.17
<b>Total</b>	<b>22.06</b>



**Matt Rehbein (Economic Development Specialist) 32:36**

So as far as the process for this to happen, as I mentioned, staff's working on a project plan right now. We're anticipating that we'll have that ready to publish early June, probably June 7 is the target date. And that's when notices go out to the taxing jurisdictions, to the county, the Technical College, the school district, and the city. So those public notices will go out. And then this will go before the Planning Commission and work its way where—there will be a public hearing, and it will then work its way to Council for approval.




## Typical TIF District Process

- A Project Plan is developed by the community creating the District, which defines the project, boundary of the district, costs, financing, economic feasibility, eligibility of community to create a district (limit based on % of equalized value).
- Public notices to all taxing entities, which make up the Joint Review Board.
- Public Hearing at Plan Commission, approval of project plan and boundary.

**Matt Rehbein (Economic Development Specialist) 33:16**

Joint Review Board meets and considers the TIF district as well. They take a look to make sure that it meets some of the statutory requirements, the "but for", make sure that the financial projections are reasonable in the plan, and also assure that the benefits that these will benefit the taxpayers. And then the whole package getting set—gets sent to the Department of Revenue, and they make sure that all the boxes have been checked and all the rules have been followed and, indeed, this TIF district is created.



### Typical TIF District Process, (Continued)

- Council/Board adopts the boundary and project plan.
- Joint Review Board considers the TIF District proposal and must affirm:
  1. "But for" the TIF, the development would not occur.
  2. The economic benefits of the TIF District are sufficient to compensate for the costs of improvements.
  3. The benefits of the TIF District outweigh the tax increments paid by the taxpayers.
- Department of Revenue must then certify the TIF District.

**Matt Rehbein (Economic Development Specialist) 33:52**

So just a couple of things as far as the way that TIF investments are created or are allowed. You know, we had touched on this earlier. So, the money comes in on an annual basis based upon tax receipts. Now in a case like this, where we might be looking at some infrastructure improvements in year one or year two of the TIF district, we aren't going to have a whole lot of those tax receipts yet. So, in the plan, we project what kind of either debt or borrowing direct from city coffers is needed. Actually, the Finance Director has all my spreadsheets right now, and so she's taking a look at how that may be possible and what's feasible. That'll all be part of the plan by the time the final plan is published.

**Matt Rehbein (Economic Development Specialist) 34:35**

The—for developer finance projects, I don't know that I need to explain much. We just



### Methods of Financing Projects

Traditional TIF Investments:

- Community advances the funding for the development on eligible project costs.
- Community repays the debt for projects with annual tax revenues from the increment.

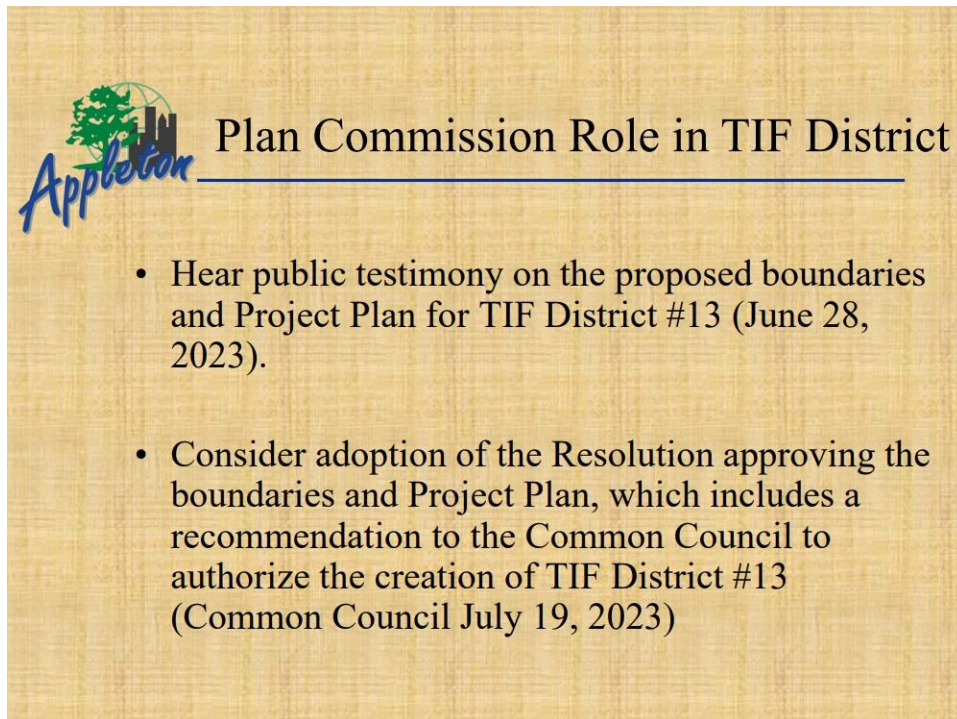
Developer Financed Projects:

- Community & developer agree on level of investment in project.
- Developer finances the project and is repaid with the annual tax revenues from the increment.

walked through a great example of what, how those work and where the money comes from to pay those out over time.

**Matt Rehbein (Economic Development Specialist) 34:51**

So as far as planning commission, there will be a public hearing. We're anticipating that will be June 28. And then the resolution will come before Common Council on July 19. And then Joint Review Board, we're hoping will be able to meet on July 20 to affirm the decision of Council, at which point we'll be—it's just a matter of submitting everything to the state.



**Plan Commission Role in TIF District**

- Hear public testimony on the proposed boundaries and Project Plan for TIF District #13 (June 28, 2023).
- Consider adoption of the Resolution approving the boundaries and Project Plan, which includes a recommendation to the Common Council to authorize the creation of TIF District #13 (Common Council July 19, 2023)

**Matt Rehbein (Economic Development Specialist) 35:18**

So that's the high level TIF district synopsis and heads up on what's happening, and with that, I'll open it up to any questions.

**Aldersperson Denise Fenton (District 6) 35:31**

Questions?

**Aldersperson Israel Del Toro (District 4) 35:34**

Just double checking the date that we're expected to see the this formally come—will this come back to CEDC or straight to Council?

**Matt Rehbein (Economic Development Specialist) 35:42**

So, it'll go through Planning Commission and Council. I don't know if we would bring it to CEDC directly or not, but since it comes—it would flow up through the process through Planning Commission. But the plan will be published, so you'd be able to see it, again, we're hoping by June 7 when we send those notices out to the taxing entities.

**Alderson Israel Del Toro (District 4) 36:04**

Thank you.

**Alderson Denise Fenton (District 6) 36:05**

Any other questions? Thank you for that. It was a perfect segue-way from [our action item](#).

**Alderson Denise Fenton (District 6) 36:15**

Hearing no other no other action items. I—we'll move to number eight.

**Alderson Vaya Jones (District 10) 36:20**

Move to adjourn.

**Alderson Israel Del Toro (District 4) 36:21**

Second.

**Alderson Denise Fenton (District 6) 36:23**

We have a motion and a second. All in favor of adjourning, please say aye. Aye. Thank you.

**Alderson Israel Del Toro (District 4) 36:29**

Good night, folks.

**Alderson Denise Fenton (District 6) 36:30**

Thanks to every...