Tax Increment Financing

- City Levy
- County Levy
- Technical College Levy
- School District Levy

Tax Increment - taxes collected after district is formed. Used for improvements within the District in order to increase tax base.

Source: Vierbicher Associates
Area could be undeveloped and without public services, or it could be a blighted and under-utilized area.
Site could be intended for industrial development, blight elimination and redevelopment or mixed-use development.
III. TAX INCREMENT DISTRICT DISSOLVES

Overlying Jurisdictions
- City
  - School District
- County
- Technical College

Property Taxes: $302,500/Year

Source: Vierbicher Associates
Tax Increment Financing 101

• Methods for funding TID projects
  • City borrowing (G.O. Bonds)
    • Increments are used to pay off the debt
  • Pay-as-you-go (also called “Developer Funded”)
    • Developer pays costs up front and as property taxes are paid by developer, a reimbursement (%) is paid back to developer until incentive is paid off.
    • Many municipalities like this because risk is on the developer, not the municipality.

Wisconsin Economic Development Association
www.weda.org
Joint Review Board – Managing Risk

• Made up of representation from the affected taxing bodies and a citizen representative
• Must approve the district and any amendments
• Three factors for reaching a decision (statutory):
  1. “But for” the TIF...the project would not occur
  2. Economic benefit to area vs. costs of improvements ... know your breakeven point!
  3. Benefits of proposal outweigh the investment of tax revenue from overlapping jurisdictions