



DATE: October 23, 2019
TO: Members of the Wisconsin State Legislature
FROM: Michael Welsh, Director of Legislative Affairs, WEDA; Tom Larson, Senior Vice President of Legal and Public Affairs, WRA; Curt Witynski, Deputy Executive Director, League of Wisconsin Municipalities; and Jim Villa, CEO, NAIOP-Wisconsin
RE: PLEASE **DO NOT SPONSOR LRB-4515** (RE: *Restricting local economic development opportunities*)

The Wisconsin Economic Development Association, Wisconsin REALTORS® Association, League of Wisconsin Municipalities and NAIOP Wisconsin oppose LRB-4515 and would urge you NOT to co-sponsor the legislation, which will cap developer incentives for projects in tax incremental financing (TIF) districts. The proposal will significantly diminish the value of TIF, prevent key economic development projects across the state and put Wisconsin at a competitive disadvantage.

Tax incremental financing, used in Wisconsin since 1975, is a unique funding tool used by communities to spur economic development that would not otherwise occur. It allows Wisconsin communities to attract private investment, encourage business expansion and grow the local tax base. Tax incremental financing is also the only consistently reliable financial incentive tool available to local communities to promote economic growth and job creation.

The 20 percent cap on developer incentives proposed by LRB-4515 will restrict local control and the flexibility needed by municipalities to take advantage of economic opportunities. In fact, there are many projects across the state that would not have occurred and future projects that will likely not happen under the proposed legislation, as it will:

- **Severely limit the effectiveness of TIF.** For example, municipalities will lack the ability to redevelop blighted sites where demolition and environmental remediation costs are major hurdles. Without the ability to provide adequate developer incentives and gap financing, many of these redevelopment projects are not economically feasible and are highly unlikely to occur.
- **Create a “one-size-fits-all” approach to local economic development.** Constructing delicate economic development deals requires flexibility and creativity at the municipal level. By thwarting local control over tax incremental financing and project deal structure, Wisconsin communities will become less competitive and lose projects to other states.

Tax incremental financing has been a successful economic development tool for nearly a half century, revitalizing urban corridors and bolstering growth in rural areas across the state. Its success is directly linked to the flexibility it provides municipalities to address the needs of each individual project and to best serve the residents and business in their community. LRB-4515 will erode local control, limiting development opportunities and putting Wisconsin communities at a disadvantage.

Again, on behalf of our members, we would ask you to oppose LRB-4515 and preserve TIF as a driver of local economic development and prosperity. Thank you for your consideration.