

# Tax Incremental Financing and Tax Increment Districts

Tax Incremental Financing (TIF) is the single most important financing program Wisconsin municipalities have to address development barriers. TIF is an important financing tool for municipalities to promote economic development by funding infrastructure and other improvements. A key factor of the creation and amendment of a TIF is the “but for” test. The belief is that the development will not happen without the creation of the tax increment district and the financing that goes along with this creation.

## Tax Incremental Financing (TIF)

### What is TIF?

Tax Increment Financing (TIF) is a tool available to cities and villages (and towns on a very limited scale), that assists in promoting the orderly growth and development of the community. The TIF Law was approved by the Wisconsin Legislature as a means of promoting industrial development, mixed-use development, eliminating blighted areas, and rehabilitating deteriorating areas in a community.

### How does TIF work?

TIF is a means of financing costs incurred by municipalities to promote development within a defined area or “Tax Increment District” (TID). The municipality establishes boundaries for the TID, and the property taxes on the increased property value within that district are used to pay the costs incurred to make the development possible.

### TID Creation

The municipality must determine that the expected development would not occur “but for” the establishment of a district. Once determined, a boundary must be established and the municipality must identify potential costs that are needed to make the new development feasible within the district. The process to create:

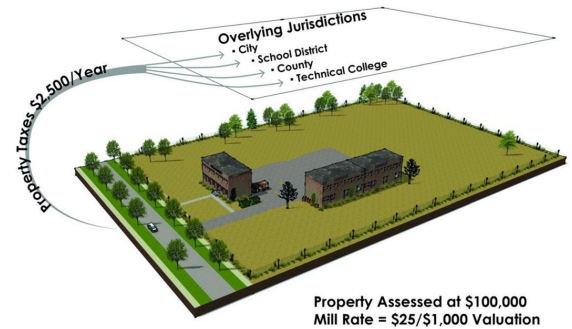
- Prepare project plan describing boundary, projects & cost
- Prepare and publish class 2 notice for plan commission public hearing and hold the public hearing
- Convene Joint Review Board (JRB)
- Adopt plan commission resolution and 14-30 days later adopt municipal resolution
- Approve TID project plan and adopt JRB resolution
- Notify DOR & email required documents to DOR by Oct. 31 - DOR reviews and certifies
- Pay TID creation fee of \$1,000
- Identify properties on assessment roll

### Eligible projects

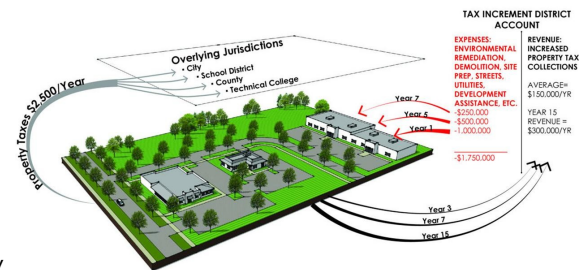
Include activities that directly benefit the TID. Projects need to be located within the TID, serve the TID, or located within one-half mile of a TID. Eligible projects must be identified in the TID Project Plan and they include:

- Land acquisition and site development
- Infrastructure improvements
- Development incentives, cash grants
- Redevelopment & community development projects
- Capitalize revolving loan funds,
- Address barriers to a successful programs such as: affordable housing, workforce development, child care, affordable transportation, etc.
- Promotion, marketing, and administrative

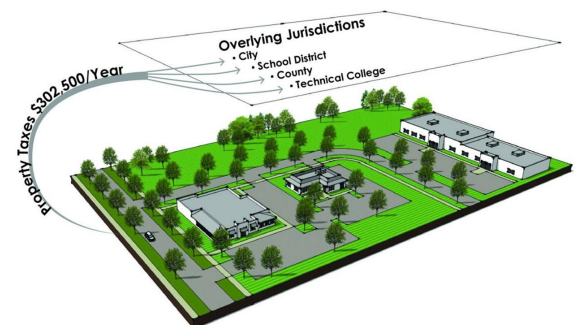
### I. UNDERUTILIZED PROPERTY



### II. INFRASTRUCTURE & IMPROVEMENTS



### III. TAX INCREMENT DISTRICT DISSOLVES



## Tax Increment Districts (TID)

### Industrial Development – created 1975

- At least 50% of area must be zoned industrial.
- Maximum life of district = 20 years + 3 year extension
- Expenditure period = 15 years

### Blight Elimination - created 1975

- At least 50% of area must be blighted.
- Maximum life of district = 27 years + 3 year extension.
- Expenditure period = 22 years

### Rehabilitation or Conservation - created 1975

- At least 50% of area must be suitable for rehabilitation
- Maximum life of district = 27 years + 3 year extension
- Expenditure period = 22 years

### Mixed-Use Development - created 2004

- Contains a combination of industrial, commercial, or residential uses
- No more than 35% can be for newly platted residential
- Maximum life of district = 20 years + 3 year extension available
- Expenditure period = 15 years

### Environmental Remediation - created 2017

- Requires a DNR approved remediation plan
- Maximum life of district = 23 years
- Expenditure period = 15 years

### Town TIDs - created 2005

- Act 231: Tourism, Agriculture & Forestry TIDs - created 2004
- Act 13: Towns with Cooperative Boundary Agreements
- Act 193: Provides certain towns full TIF authority with minimum population & valuation requirements, plus sewer service agreement



### TIDs can be amended for the following purposes

For amendments, only a class 1, one notice for public hearing required and no waiting period on municipal resolution after plan commission approved resolution.

- Amend the Project Plan to add additional projects within the TID and within one-half mile radius
- Amend the Boundary up to four times. Can also subtract territory from a TID
- Amend Project Plans to transfer funds between TIDs
- Adopt resolution to extend TIDs one additional year to fund "affordable housing" projects
- Amend Project Plans to extend up to three years for "Tech College Extension"

**Creation of TID due on or before October 31 or December 31, if a Town TID.**

*Vierbicher has secured over \$120 million in grant funding and created/amended over 235 tax increment districts. For additional information regarding public funding programs, please contact:*

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