

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

OCTOBER 27, 2009

Item 2, File #090791

File Number 090785 is a resolution approving the donation of tax incremental revenues from Tax Incremental District No. 56 (Erie/Jefferson Riverwalk) to Tax Incremental District No. 35 (27th & Wisconsin) and No. 69 (New Avenue Commerce Center).

Background

1. Tax Incremental District (“TID”) No. 56 (Erie/Jefferson Riverwalk) was created in 2004 to provide funding for street improvements to E. Erie Street from Broadway to the harbor entrance and to provide financial assistance for riverwalk improvements in this area. At the present time, a total of \$1,130,128 of the district’s project costs need to be recovered from future tax incremental revenue. Tax incremental revenue generated by TID No. 56 from the most recent levy was \$2,851,400. Therefore, the district is likely to be closed out in 2010, well in advance of the statutory termination date of 2031.
2. TID No. 35 (27th & Wisconsin) was created in 1998 to fund redevelopment of the 2 blocks bounded by Wisconsin Avenue, Michigan Street, 26th Street and 27th Street. The project plan called for land assembly and clearance of all existing structures on the east block. That block was eventually cleared, but, to date, no new development has occurred on the site. Total project costs remaining to be recovered are \$3,685,769. The district has a negative incremental value.
3. TID No. 69 (New Avenue Commerce Center) was created in 2007 to fund new retail development, including a Lena’s grocery store, in the 2-block area bounded by Meinecke Avenue, North Avenue, 24th Street and 25th Street. Since adoption of the project plan for the district, Lena’s has been unable to secure financing for its portion of the development, which remains stalled. Project costs that need to be recovered total \$237,929. The district has not experienced any increment in value.
4. Wisconsin’s Tax Incremental Law (s. 66.1105, Wis. Stats.) allows tax incremental districts, under certain circumstances, to donate revenues to other tax incremental districts in the same municipality. If the statutory conditions are met, the donation is accomplished by amending the donor district’s project plan. The Department of City Development has determined that TIDs 56, 35 and 69 meet the statutory requirements for donor and recipient tax incremental districts.

Discussion

1. This resolution approves an amendment to the project plan for TID No. 56 to allow for the donation of tax incremental revenues received by that district to TID Nos. 35 and 69. Specifically, the amendment provides for TID No. 56 to donate, for a period of up to 3 years, any excess incremental revenue first to TID No. 35 and then to TID No. 69, until both recipient districts’ project costs are fully paid. This will allow both recipient districts to be closed out before their statutory deadlines.

2. It is anticipated that the incremental revenue from TID No. 56 will be sufficient to recover that district's outstanding project costs (\$1,130,128), as well as all project costs of TID Nos. 35 and 69 (totaling \$3,923,698), in 2010 and 2011 (taxes levied in 2009 and 2010).
3. The Joint Review Board held an informational meeting on the proposed amendment on October 6, 2009; no objections to the amendment were expressed. The Redevelopment Authority held a public hearing on the amendment and recommended approval at its October 15, 2009, meeting.

Fiscal Impact

1. This resolution authorizes no new City expenditures. It directs the City Comptroller to transfer tax incremental revenue received by TID No. 56 to the appropriate accounts for TID Nos. 35 and 69.
2. To the extent that it postpones the closing-out of TID No. 56 (most likely for 2 years), this resolution has a fiscal impact on the City and the other taxing jurisdictions by delaying the time when tax revenues from the value increment in the district can be distributed to these taxing jurisdictions. On the other hand, it allows the City to fully recover its expenditures on project costs in TID Nos. 35 and 69.

Prepared by: Jeff Osterman, x2262
LRB-Research & Analysis Section
October 23, 2009

cc: Rocky Marcoux
Martha Brown
Jim Scherer
Joe'Mar Hooper
Marianne Walsh