

Smart TIDs

Virginia Carlson, Ph.d.

Associate Professor of Urban Planning
University of Wisconsin-Milwaukee

Previous Positions

Senior Fellow and Director of Data Policy, Brookings Institution Metropolitan
Policy Program

Research Director, World Business Chicago

Research Associate, Federal Reserve Bank of Chicago

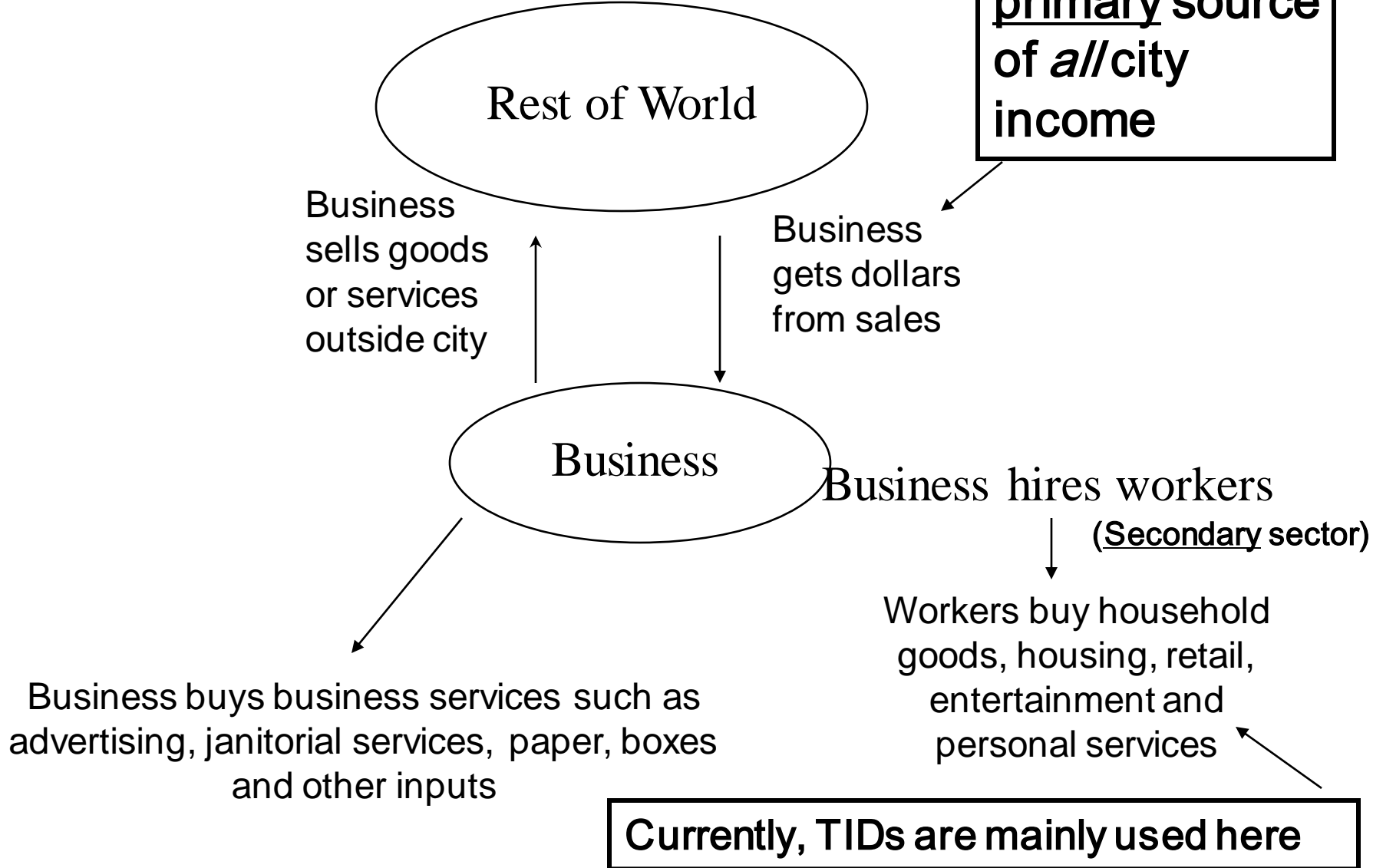
Economic Development Planner, University of Illinois Center for Urban
Economic Development

TIF Use Case: Boeing

- \$40 million TIF
 - School districts held harmless
- Brought 500 new jobs to city, with an estimated additional 1000 “spinoff” jobs
- TIF use was part of an overall strategy for city that included other tools and an aggressive, pro-active organization

Economic Base

Where does the Money Come From?



Why a Conservative TID Policy?

- TIDs should be part of an overall Economic Development policy that would include “best uses” of TIDs
- Potential over-use of TIDs for retail development, which does not create new jobs or new tax base. Most existing TIDs already are for retail or commercial development.
- Potential conflict between TID uses and other city development interests.

- Existing TIDs in city are mainly used in secondary sector
- While each particular TID may make sense to a developer, it is the city's job to make sure that development policies do not shuffle jobs and tax base from one business/area to another.
- Unless there are new dollars into the economy, any one new housing, retail or personal services TID will merely displace the ability to pay taxes and hire workers from other businesses
- 56% of TID value are commercial/retail; 39% is housing and about 4.5% in manufacturing. Retail TID tax growth was 358% 1990-2003; Retail non-TID tax growth was 43%. All property tax growth was about 75%.
- However, fully 5,000 fewer Milwaukeeans are employed in retail/entertainment in 2000 than in 1990.