

Tax Incremental Financing

Milwaukee's Tax Incremental Financing Districts TIDs

What is a TID?

- Created by 1976 State Statute to promote urban redevelopment
- Economic development tool used to fund capital projects that would not occur “but for” public assistance
 - Increase tax base
 - Create jobs
 - Eliminate blight
 - Stimulate a market

What a TID is NOT!

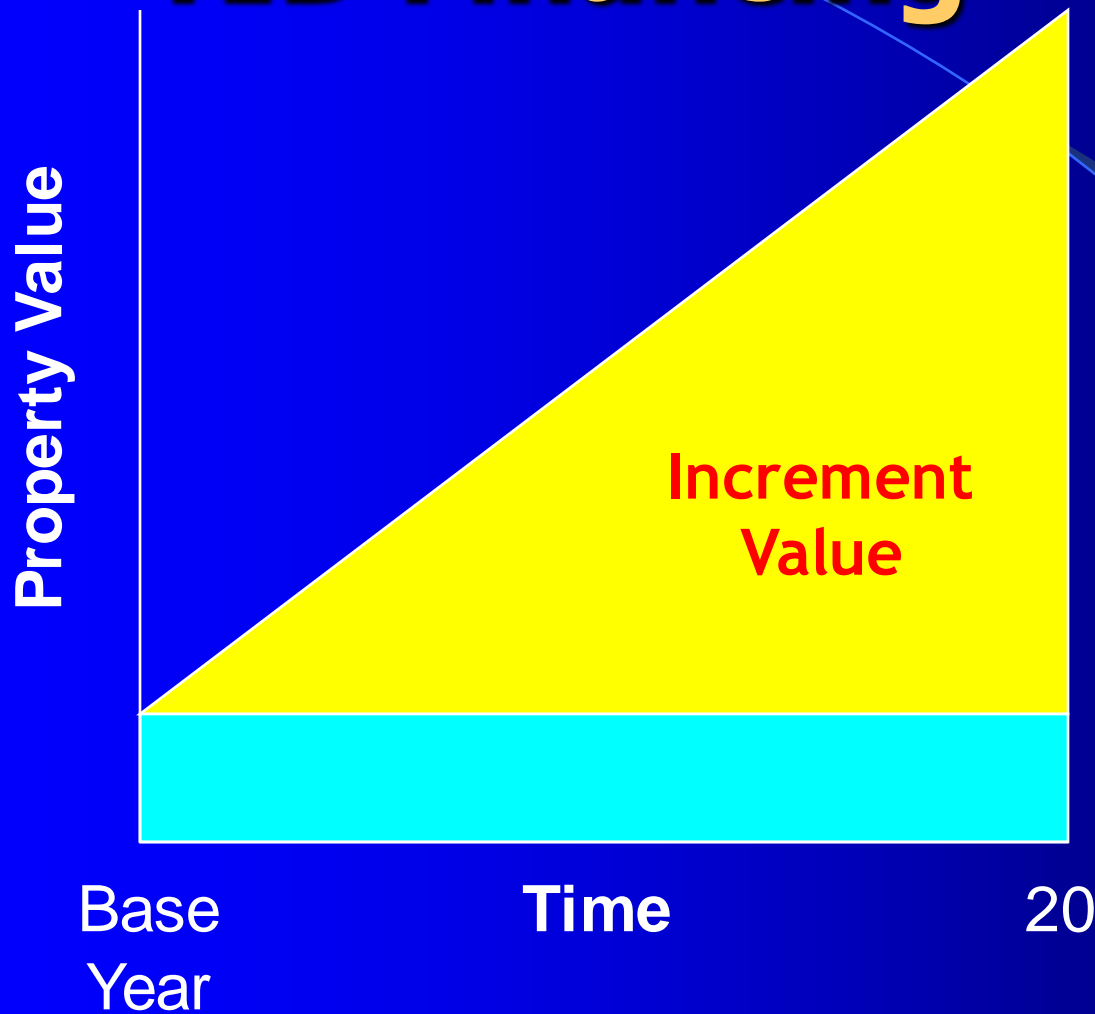
- “Free Money”
- What’s the big deal?
 - Why is TID controversial?



TID Projects in Milwaukee

- Examine each project and determine level & form of assistance (loans, other grants, federal tax credits)
- Public process (60 – 90 days)
 - Define boundary, Draft Project Plan, Gain necessary approvals
- Where Does the Money Come From?
 - Generally borrowed by the city and contributed to the project
 - For life of the TID, **new** taxes generated from development go entirely to pay for TID costs instead of flowing to other taxing jurisdictions

TID Financing



The TID receives taxes on the increment value at the combined rate of all taxing entities.

All Taxing Jurisdictions continue to receive their share of the tax levy on the base value.

City of Milwaukee

TID Facts

- **TID No. 1, Menomonee Valley created May, 1976**
- **TID No. 62, DRS Power & Control Technologies, Inc. created November 2005**
- **16 TIDs have been fully repaid to date**
 - Districts closed in 2005 resulted in \$40 million in new tax base
 - 3 or 4 more to close in 2006 (\$270 million in new tax base generated)
- **Milwaukee's average payback is 18 years (statutory limit is 27 years)**

City of Milwaukee TID Facts

- 36 Districts created last 10 years
22 were created in the last 5 years
- In 2006, Milwaukee has 46 active districts adding \$921 million to the tax base
- Annually, these districts generate \$22.5 million in tax increment revenue

Menomonee Valley Shops

- \$16.2 million TID
- 140-acre redevelopment
- Palermo's has purchased 14 acres for new facility
- Canal Street extension completed in April



Park East

- \$20 million TID
- Infrastructure
- Over 26 acres of developable land
- At least \$300 million dollar expected investment



Milwaukee Amtrak Station

- \$6 million TID
- \$15.2 million dollar total investment
- City-State partnership
- Catalyst for redevelopment of entire section of downtown



City Homes

- \$2 million TID (amended in 2005)
- 77 new homes
- \$12 million total investment
- TID used for new infrastructure and to offset the purchase price



Legacy Homes

- \$2.95 million TID
- 75 new homes
- New infrastructure & exterior rehab grants
- \$16.5 million total investment



Manpower Int'l Headquarters

- \$25 million TID
- Fortune 200 Company bringing 1,000 jobs downtown and adding 300 over next few years
- \$78 million dollar total investment



Other TIDs



Milwaukee Center



Grand Avenue and
Boston Store

Stadium
Business
Park



Bronzeville

Mayor's TID Advisory Panel

- Backdrop:
 - New Mayor
 - 2004 changes in State Law
 - Comparison of Milwaukee use vs. other cities (Chicago, Minneapolis)
- Panel makeup
 - Development Community, Labor, Community Activists, Representatives of Taxing Jurisdictions, City Comptroller, City Budget and Development Staff
- Meetings throughout 2005

Proposed Guidelines

- **Guideline Goals:**
 - Attract and retain family-supporting jobs
 - Increase the City's tax base
 - Improve blighted properties/clean up brownfields
 - Support City planning initiatives
- **Projects Evaluated on:**
 - Short term and long term economic development impacts
 - Adherence to the City's plans, priorities and goals
 - Public benefits provided
 - Amount of public assistance compared to private investment
 - Term of public assistance
 - Project risks

Suggested Changes

- Standardized Application Fees
 - Application fee
 - Costs of independent analysis borne by developers and repaid by TID
- Comptroller analysis
- Public Information Campaign

What's Next?

- February
 - Guidelines completed and conveyed to Mayor
 - Guidelines shared with Common Council
- March/April
 - Discussion with Common Council Leaders
 - RACM Action in April
- Ongoing
 - Analysis on project-by-project basis
 - Community information sessions (website, etc.)

Questions and Answers