



Department of City Development

City Plan Commission
Historic Preservation Commission
Neighborhood Improvement
Development Corporation
Redevelopment Authority

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

081744

April 3, 2009

Alderman Willie Hines, Jr.
President, Milwaukee Common Council
City Hall, Room 205

Alderman Jim Bohl
Milwaukee Common Council
City Hall, Room 205

Dear Alderman Hines and Alderman Bohl:

This is in response to your letter of March 9, 2009, regarding the use of Tax Increment Financing (TIF) to fund public improvements within one-half mile of the boundary of existing Tax Incremental Districts (TID).

Should the Common Council wish to adopt such a strategy, we would strongly urge that the questions posed below be asked each time infrastructure spending was proposed outside the boundaries of a TID. We believe consideration of these questions is necessary to ensure that the use of TIF for infrastructure outside established districts meets the requirements of State law and protects the fiduciary interests of the City of Milwaukee.

- Will the proposed public improvement meet the "but for" test which, by State law, must be met for tax incremental financing? That is, the City will need to make a case to the Joint Review Board that the private development being assisted by the TID cannot go forward "but for" the construction of the proposed improvement outside the TID boundary. (This case may be difficult to make for existing TIDs in which projects are complete or well underway.)
- Is there excess incremental revenue with which to amortize the cost of the public improvement? That is, is current or expected tax incremental revenue available, after scheduled debt service payments are made, with which to amortize the new public improvement?
- Will the public improvement be funded with additional general obligation bonds issued for the TID, or will the improvement be funded only with available excess incremental revenue?
- How much longer will the TID remain in existence if the public improvement is added to the district's project cost?
- Will funding public improvements in the district preclude the district's ability to "donate" revenues to districts that are not meeting their annual debt service requirements?

We hope these thoughts are helpful. We would be happy to respond to any additional questions you have about these comments.

Sincerely,

Rocky Marcoux
Commissioner