

## Project Plan Guidelines – Tax Incremental Financing (TIF)

Under state law (secs. [66.1105\(4\)\(f\)](#), [60.85\(3\)\(f\)](#) and [60.23\(32\)\(f\)2.](#), Wis. Stats.) the following information must be included in the project plan for a Tax Incremental District (TID). A municipality must make this plan available to the public. Contact us with comments or questions: [tif@wisconsin.gov](mailto:tif@wisconsin.gov).

An amended project plan must also include the information listed below. The amended project plan should include the amended information **and** must also indicate what information from the original/prior project plan did not change.

### A. The following information must be included in a project plan (original or amended):

1. **State number, location and type of proposed public works** – describe the general goals of the TID, including TID type, a list of major public improvement categories, the reason for each improvement, and which improvements are within a half-mile of the TID

#### General category examples:

- Utilities (ex: sanitary or storm sewer, water system improvements, gas or electric infrastructure)
- Streets and amenities
- Site preparation
- Land assembly costs
- Administrative and organizational costs
- Relocation costs
- Financing costs
- Development incentives/cash grants\*

\* Eligible project costs **only** if the developer and municipality sign a development agreement and the intention to provide cash grants is indicated in the public hearing notice. Cash grants are not eligible project costs for town TIDs. (sec. [60.85\(1\)\(h\)2.d.](#), Wis. Stats.)

2. **Economic feasibility study** – there are several ways to prepare an economic feasibility study, but the study must include:
  - Indication the municipality has the resources to finance proposed projects (ex: a general obligation borrowing limit projection or the non-general obligation securities the municipality will use)
  - Anticipated value of new development
  - Projected tax increment revenue and when the municipality will receive the increment
  - Annual cash flow during the TID's life demonstrating expected revenue covers the anticipated expenditures
  - Municipality's general economic condition and impact of the anticipated development

3. **Detailed list of project costs**

#### Include:

- Financing costs
- Estimated expenditures for each major category of public improvements (See #1 above – General category examples)
- Specific improvements paid with TIF increments
- Amount and improvements not paid with tax increments (non-project costs)
- Total costs (both paid **and** not paid with increments)
- For costs not paid with increment revenue, include details of the planned revenue sources (ex: grants, special assessments, utility assessments, other tax revenue or other sources)

4. **Description of how the projects will be financed** – include the financing methods, timeframes for those costs or planned monetary obligations

**Example** – if the municipality intends to issue municipal bonds to finance the projects, explain:

- bond issues based on the expenditures for each year
- security type, rate, interest and repayment schedule

5. **Proposed changes in zoning ordinances, master plan, building codes, map, and city ordinances**

Describe any changes made or proposed changes because of the TID. If none are planned, state this.

- 6. List and estimate non-project costs** – list the portion of costs, by project, that will not be paid with TIF. If there are no non-project costs or the non-project costs are unknown, state this.

**Non-project costs include:**

- Portion of costs paid from sources other than TIF, for example:
  - Grants
  - Special assessments paid by property owners
  - User fees
- Portion of costs for projects that only partly benefit the TID
  - If the project benefits property outside the district, that part of the cost is a non-project cost
  - Allowable project costs are limited to the amount that benefits the TID
- Costs not eligible for payment by tax increments:
  - State law (secs. [66.1105\(2\)\(f\)2.](#) and [60.85\(1\)\(h\)2.](#), Wis. Stats.), list costs that are not allowable project costs, including:
    - Construction or expansion of administrative buildings
    - General government operating expenses unrelated to the TID development
    - Cash grants to developers without a signed development agreement

**Examples of non-project costs:**

- Partial "non-project" costs – interceptor sewer or water tower serving property both in and out of the TID
- Ineligible costs – cost of building a new City Hall (administrative building) or paying election costs (general operating expenses)

- 7. Plan for relocating any displaced persons or businesses** – if relocation of people or businesses is expected due to the project, describe how the municipality will comply with state law (sec. [32.19](#), Wis. Stats.). Contact the municipal attorney to determine the required actions.

**Using TIF does not relieve** the municipality of its responsibility to pay relocation benefits. However, the municipality can use tax increments to pay relocation benefits.

- 8. Describe how the district's creation promotes the municipality's orderly development** – explain how the development fits into the community's overall development plan

**Examples:**

- Using TIF to offset some costs, the municipality can encourage development in the desired area rather than using open areas where costs may be lower
- A specified company will be able to build a new facility increasing the tax base and creating jobs

- 9. Map** – show existing uses and conditions of real property in the district

- 10. Map** – show proposed improvements and future land uses in the district

- 11. Signed attorney's opinion that the plan is complete and complies with the state law**

- Written by municipality attorney or attorney hired by the municipality
- Opinion must be on municipal or attorney's letterhead and include the attorney's signature

- 12. For town TIDs created under sec. 60.23(32)., Wis. Stats.** – specify the expenditure option selected:

- **Option (a)** – (sec. [60.23\(32\)\(f\)2.a.](#), Wis. Stats.)
  - At least 51% of the public infrastructure improvement value must be financed by a private developer or entity
  - Development agreement is required to receive cash grants which will solely repay the developer or entity for public infrastructure costs
- **Option (b)** – (sec. [60.23\(32\)\(f\)2.b.](#), Wis. Stats.)
  - The town expects all project costs to be paid within 90% of the TID's remaining life
- **Option (c)** – (sec. [60.23\(32\)\(f\)2.c.](#), Wis. Stats.)
  - Expenditures may be made only within the first half of the TID's remaining life
  - Joint Review Board (JRB) can unanimously approve additional expenditures but not beyond the original expenditure period

**13. For Environmental Remediation TIDs created under sec. 66.1105., Wis. Stats. –** specify the expenditure option selected:

- **Option (a)** – (sec. [66.1105\(20m\)\(b\)2.a.](#), Wis. Stats.)
  - Municipality expects all project costs to be paid within 90% of the TID's remaining life
- **Option (b)** – (sec. [66.1105\(20m\)\(b\)2.b.](#), Wis. Stats.)
  - Expenditures may be made only within the first half of the TID's remaining life
  - Limitation on the expenditure period does not apply to any expenditure made to address significant environmental pollution not identified in the original certified site investigation report
  - No expenditures may be made beyond the original expenditure period

**14. For Base Value Redetermination amendments –** specify the expenditure option selected:

- **Option (3)** – (sec. [66.1105\(5\)\(i\)3.](#), Wis. Stats.)
  - At least 51% of the public infrastructure improvement value must be financed by a private developer or entity
  - Development agreement is required to receive cash grants which will solely repay the developer or entity for public infrastructure costs
- **Option (4)** – (sec. [66.1105\(5\)\(i\)4.](#), Wis. Stats.)
  - Municipality expects all project costs to be paid within 90% of the TID's remaining life
- **Option (5)** – (sec. [66.1105\(5\)\(i\)5.](#), Wis. Stats.)
  - Expenditures may be made only within the first half of the TID's maximum life
  - JRB can unanimously approve additional expenditures but not beyond the original expenditure period

**15. DOR requirement for Mixed-use TIDs –** specify how the TID meets the limit on newly platted residential development and specify how the type of development complies with state law. DOR must confirm the TID complies with secs. [66.1105\(2\)\(cm\)](#), and [66.1105\(2\)\(f\)3.](#), Wis. Stats.

- Indicate which parcels and acreage will be developed as newly platted residential
  - It is helpful to show the areas on the future-uses map
- Show the newly platted residential percentage calculation
- Explain which of the three options in sec. 66.1105(2)(f)3., Wis. Stats. applies:
  - Density is at least three units per acre
  - Is in a conservation subdivision, as defined in sec. [66.1027\(1\)\(a\)](#), Wis. Stats.
  - Is in a traditional neighborhood development, as defined in sec. [66.1027\(1\)\(c\)](#), Wis. Stats.

**B. Under state law, a municipality must provide the JRB the following:**

**1. Project costs and tax increments –** (sec. [66.1105\(4\)\(i\)1.](#), Wis. Stats.)

- Specific projects and costs that will be paid with tax increments
- Projected tax increments generated over the life of the TID

**2. TID's value increment –** (sec. [66.1105\(4\)\(i\)2.](#), Wis. Stats.)

- Value increment when the project costs are paid and the TID terminates

**3. Justify the use of TIF –** (sec. [66.1105\(4\)\(i\)3.](#), Wis. Stats.)

- Reasons why project costs should not be paid by property owners within the TID

**4. Tax increment projections –** (sec. [66.1105\(4\)\(i\)4.](#), Wis. Stats.)

- Estimated share of tax increments paid by property owners in each overlying taxing jurisdiction
  - a. Municipality
  - b. School District and/or Union High
  - c. Technical College
  - d. County
  - e. Special District (ex: sewer, sanitary or lake rehabilitation district), if applicable

**5. Benefits to taxpayers –** (sec. [66.1105\(4\)\(i\)5.](#), Wis. Stats.)

- Benefits taxpayers will receive to compensate for their share of projected tax increments