

## 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, and the reason for each improvement

##### 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 signed 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 revenues and when the municipality will receive them
- 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:

- Show the security type and repayment schedule
- Show when it expects to complete each project
- Plan a bond issue based on the expenditures for each year
- Budget a bond issue to pay for projects to be completed in more than one year

**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. These are an eligible project cost; the municipality can pay them with tax increments.

**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.)
  - All project costs are expected 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.)
  - All project costs are expected 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

**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 share 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