Guidelines for Project Plans – 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.

1. **State number, location and type of proposed public works** – include a narrative describing the general goals of the TID, including TID type, a listing 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.

2. **Economic feasibility study** – there are several ways to prepare an economic feasibility study, but certain items must be in each study:
   - Show 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
   - Anticipated tax increment revenues and when the municipality will receive them
   - Table showing the annual cash flow during the TID’s life and that revenues should cover 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 as a result of the TID. If none are planned, state this.

6. **List and estimate non-project costs** – state law (sec. 66.1105(2)(f)2 and sec. 60.85(1)(h)2, Wis. Stats.), lists 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

   **Allowable project costs** – limited to the project amount that benefits the TID.

   **Non-project costs** – are public works projects that only partly benefit the TID or are costs not eligible for payment by tax increments. If the project benefits property outside the district, that part of the cost is a non-project cost.

   **Examples of non-project costs:**
   - Partially "non-project" – interceptor sewer or water tower serving property both in and out of the TID
   - Ineligible costs – costs paid by special assessments to property owners or paid with user fees; general government operating expenses not related to the project

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 uses in the district

11. **Signed attorney’s opinion that the plan is complete and complies with the state law**
   - Written by municipality attorney
   - Opinion must be on municipal or attorney's letterhead and include the attorney's signature

12. **For town TIDs created under state law (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 percent 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 percent 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 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.)
     o All project costs are expected to be paid within 90 percent of the TID's remaining life
   • Option (b) – (sec. 66.1105(20m)(b)2.b. Wis. Stats.)
     o Expenditures may be made only within the first half of the TID's remaining life
     o 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
     o 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.)
     o At least 51 percent of the public infrastructure improvement value must be financed by a private developer or entity
     o 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.)
     o All project costs are expected to be paid within 90 percent of the TID's remaining life
   • Option (5) – (sec. 66.1105(5)(i)5. Wis. Stats.)
     o Expenditures may be made only within the first half of the TID's maximum life
     o Joint Review Board can unanimously approve additional expenditures but not beyond the original expenditure period