

## 2.1 TIF CREATION

Wisconsin's Tax incremental Finance (TIF) law regulates the creation of Tax Increment Districts (TIDs), requiring specific documents, and establishing timing and public notice procedures that must be met to create and certify a new TID. The goal of these requirements is to bring the public into the decision making process, making it easy for them to get information, and provide input on the plans. Common language in project plans makes TID planning easier. Mandatory waiting periods ensure that plans are not hurried, and provide an opportunity for public oversight. Most importantly, the Joint Review Board (JRB) requires the municipality to consult with all of the overlying taxing jurisdictions to make certain that each of them has a chance to understand and question the proposal.

The following sections detail the process for creating a TID under sec. 66.1105, Wis. Stats. More detail is available in the TID [Base Year Packet Checklist](#).

### STEP ONE: Preparation

Project Plan – Creating the Project Plan is the first step in creating a TID, and several elements are required. The projects in the TID should be laid out in detail, including a total of all project costs. Other required elements of the project plan, such as the economic feasibility analysis and the pro forma, will require that the project costs be defined in detail with estimates of when these costs will be paid off. Each capital project should be described separately and have a subtotal associated with it. If project costs include developer incentives the total cost of these incentives *must* appear in the Project Plan. TIF law also requires the Project Plan to contain maps showing conditions and uses of land in the TID, and the location of improvements. Other sections include estimates of non-project costs, necessary changes in zoning, and an attorney's opinion advising whether the project plan is complete. See also [Common Language Guidelines](#), which lay out the plan section by section.

**Please note:** Projects that impact a TID but are not completely a part of the TID may be partially eligible costs. A water tower, for example, may serve the TID, so a part of the total cost can be paid with increment revenue. The municipality must decide how much of the cost is eligible, and identify this cost with other projects in the plan.

A good practice is to involve the local and manufacturing assessors, plus the county real property lister when creating or amending a TID.

Map and Boundary Description – Along with the creation documents, a map must be submitted to the Department of Revenue (DOR) that identifies the boundaries of the TID. This map should contain tax key numbers, or parcel identification numbers,

**Please note:** Wetlands might be within the designated boundaries of the TID, but TIF law prohibits wetlands from being included in a TID. To remove wetlands from the TID, add a sentence that all wetlands in the area are excluded from the TID. The exclusion of the wetlands must not eliminate the contiguity of the TID.

which will allow DOR staff to match the parcels listed on the valuation forms to those listed on the map and to the assessment roll. The parcel identification numbers must be legible and show street names. In addition to this map, a metes and bounds description of the TID must also be sent to DOR.

Valuation Forms – To certify the base value of a TID, DOR must receive value data on forms they prescribe. These forms are described in the [Base Year Packet Checklist](#). It is essential that the parcels are identified on the forms by the *same set of numbers* that appear on the map accompanying the forms (see Map and Boundary Description section). DOR must be able to compare the parcels listed on the form with those that appear on the map; if the numbering systems are different it is impossible to verify that all parcels in the TID have been included on the valuation forms.

The following forms are required to create a new TID, [TID Creation/Amendment Forms](#). Each form has its own set of instructions which are summarized below. It is important to follow the instructions exactly. Note: if a TID is being created in more than one county, a separate set of forms for each county needs to be submitted. Additionally, if the TID contains an annexation, a separate set of forms should also be submitted. Each new TID must have:

1. **PE-606** – Equalized Value Determination Request provides basic information about the TID is being created, such as the overlying taxing jurisdictions, and a contact person.
2. **PE-605** – City/Village/Town Legal Requirements contains the dates of statutorily required postings and proceedings (meetings, resolutions, etc.).
3. **PE-608** – Locally Assessable Property contains all of the locally-assessed property in the TID. "Locally-assessed" means that it is not exempt (municipal) or state-assessed manufacturing

property. The first column contains the parcel number that identifies the parcels on the map. The next column identifies the parcel class according to the codes shown here. A parcel's class should appear on the tax roll. The next several columns identify which overlying taxing jurisdictions have authority over each parcel. An "X" should be placed in the column to indicate that the parcel is in the jurisdiction of the listed district. The column titled "Overlapping TID #" will list the other TID number(s) of which the parcel is a part; if there are no overlaps, this column remains blank. Finally, the last three columns contain the valuation information for each parcel – land, improvements and the total. The sum of land and improvements must equal the total of all the parcels on the PE-608.

Class Code	Parcel Class Description
1	Residential
2	Commercial
4	Agricultural
5	Undeveloped
5m	Agricultural Forest
6	Forest
7	Other
X	Exempt

4. **PE-601A** – Personal Property contains the value of the municipally assessed personal property located in the TID. Personal property is classified in one of four groups: boats and other watercraft; machinery, tools and patterns; furniture,

fixtures and equipment; and all other personal property. The total is entered on the form. If the parcel where the personal property is located is part of another TID, that overlapping TID number must be listed.

5. **PE-619** – Municipal-Owned Property contains any locally-owned parcels (property that is owned by the City, Village or Town) that are part of the TID. The TIF Law specifically exempts municipal-owned, municipal-used property (police or fire station, library, community/rec building, park, utilities, etc.) from being counted in the base value of a TID. Parcels of city-owned property that are not city-used, or that are vacant, must be valued by the assessor and the overlying taxing jurisdictions must be identified. Assessor should value this property at full market value or identify at what rate they are valuing the property on the Assessor's Signature form. Also listed on this form is the value of land, improvements and the current use. Current use must be listed for every parcel.
6. **PE-608M** – Manufacturing Real Property contains the parcels in the TID that are state-assessed manufacturing property (class 3 - Manufacturing). The description as well as the address of each parcel should be included on this form. Separate forms should be used if the parcels are parts of different overlying taxing jurisdictions.
7. **PE-608MP** – Manufacturing Personal Property contains the personal property located at manufacturing sites separately from the other personal property in the TID.
8. **PE-615A** – TID Statement of Assessment (SOA) contains the assessed values of the real and personal property in the amended area, according to class. It is essential that the total on this form matches the totals on the other valuation forms (PE-608 and PE-601A). This form also lists the other taxing jurisdictions that have taxing authority over property in the TID.
9. **Clerk Signature Page** – requires signature and the date.
10. **Assessor Signature Page** – requires signature, assessment percent of municipal-owned property, e-mail address and date.
11. **Tax Incremental Financing Remittance Fee** - All fees are required to be paid through "[My Tax Account](#)."

**Remember:** Property annexed after the January 1 assessment date must have special treatment; those parcels must appear on separate set of forms, all signed by the clerk and assessor of the municipality from which the parcels were annexed.

## STEP TWO: [Notices & Hearings](#)

This section describes the steps in the creation process according to the combined hearing method. All procedures are outlined on the [City/Village Legal Requirements Base Year \(PE-605\)](#) form and in the [TIF law](#). DOR staff must verify that the steps are followed in compliance with the law in order to certify the base value of a TID.

Notification – The first step in establishing a TID is to send a copy of the public notice by first class mail to the overlying taxing jurisdictions. These jurisdictions include the

county, technical college district, school district(s), and any special taxing jurisdictions. This notice must be sent before the public notice is published in the paper, and it should communicate to the districts the desire of the municipality to create a TID and explain to them the reason that the development needs public support. This notice can also serve as the initial invitation to create the JRB for the TID.

If the TID being created is a Blight Elimination TID or a Conservation/Rehabilitation TID, the owners of the property in the district must receive a copy of the public notice at least 15 days before the hearing.

Public Hearings – The Planning Commission (or the Development or Redevelopment Authority of the municipality) must hold a public hearing to address the TID's proposed boundaries and the project plan. These hearings can take place at the same meeting, or be scheduled separately (see the [Timeline for Creating TIF Districts](#)). The public hearing affords all residents an opportunity to comment on creation of the TID, its boundaries, and the projects funded. This hearing must be publicized as a Class 2 notice under Ch. 985, Wis. Stats., and the time, date, and place of the hearing must be included. If developer incentives are part of the proposed project plan, that must be included in the public notice. The notice must appear in two consecutive weeks at least 7 days before the date of the hearing. Copies of the project plan must be available at the hearing and upon request. See the TIF public hearing notice webpage for additional information.

### **STEP THREE: Resolutions**

Planning Commission – The Planning Commission (or the Development/Redevelopment Authority) that convened the public hearing must adopt, by resolution, the TID boundaries and project plan and recommend approval to the municipal body. The resolution must:

1. designate the boundaries of the TID,
2. adopt and recommend approval for the project plan, and
3. find that the creation promotes orderly development in the municipality.

The meeting where the resolution is adopted can immediately follow the public hearing. After the project plan and TID boundaries are adopted by resolution, the body forwards those items to the municipal governing body for consideration.

City Council/Village Board – The governing body must wait 14 days after the public hearing to adopt the creation resolution. They consider the boundaries and project plan adopted by the Planning Commission. The boundaries adopted by the governing body do not have to be those adopted by the Planning Commission. The project plan must be adopted before or when the TID is created. The date of the adoption of the creation resolution by the governing body serves as the official "creation date" for the TID. This date determines the starting date for TID maximum life and when expenditures (other than planning) commence. The creation date also determines the "valuation date," and when the application materials are due to DOR (resolutions dated before 10/1/14 are due by 10/31/14; resolutions dated after 9/30/14 are due by 10/31/15). The creation

resolution must contain several findings, detailed in the [Creation Resolution Checklist](#). After the governing body adopts the project plan and creates the district, the planning documents are forwarded to the JRB.

Joint Review Board (JRB) – The overlying taxing jurisdictions that will be represented on the JRB receive a copy of the public notice before it appears in the paper. At this time they are asked to designate a representative to serve on the JRB. Preference should be given to the district's finance director or another person with knowledge of local government finances. The JRB must first meet before the public hearing takes place to choose a chair and designate a public member\*. After the Planning Commission and governing body have adopted their resolutions, the JRB meets again to review the TID creation. To allow residents a reasonable opportunity to communicate their feelings concerning the creation of the TID, all JRB meetings shall be published as a class 1 notice, under ch. 985, at least 5 days before each meeting. Without the approval of a majority of the JRB, the TID cannot be created. If they desire, the JRB may hold additional public hearings on the matter, but they must vote on a resolution approving the creation of the TID within 30 days of receiving the planning documents from the governing body. TIF Law requires that the JRB resolution contain several specific findings, details of which can be found in the [Joint Review Board Information](#).

\*If the land in the TID is in more than one county, the county comprising the larger value will sit on the JRB. If more than one school district serves the TID, the district serving the largest value will sit on the JRB. If the area is served by a union high school district, the schools will have two members on the board: the primary school district that serves the largest value will have one-half of a vote, and the union high school district will have the other half of a vote. More details on membership can be found in [section 3.1](#) of this manual.

The municipal clerk must notify DOR that the creation has been adopted within 60 days of JRB approval. Creation packets for resolutions passed before 10/1 are due by 10/31 of that year (resolutions passed after 9/30) are not due until 10/31 of the following year). For example, a resolution adopted before 10/1/2014 is due by 10/31/2014.