

WHITEWATER TAX INCREMENT FINANCING

Presentation to Whitewater Area Chamber of
Commerce-November 19, 2009

WHAT IS TAX INCREMENT FINANCING?

- AN ECONOMIC DEVELOPMENT FINANCING TOOL
 - COMMUNITY UNDERTAKES PROJECTS TO ATTRACT AND FACILITATE DEVELOPMENT AND/OR REDEVELOPMENT, SUCH AS:
 - INSTALLATION OR REHABILITATION OF PUBLIC INFRASTRUCTURE
 - ACQUISITION OF LAND
 - PAYMENT OF DEVELOPMENT INCENTIVES
 - COMMUNITY INVESTMENT IS REPAYED OVER TIME BY CAPTURING THE INCREASED PROPERTY TAX REVENUE GENERATED WITHIN THE DISTRICT.

WHAT IS TAX INCREMENT FINANCING?

- STATUTORY AUTHORITY
 - S.66.1105, WIS. STAT. FOR CITIES AND VILLAGES
- TERMS
 - **TIF** = TAX INCREMENTAL FINANCE
 - **TID** = TAX INCREMENTAL DISTRICT

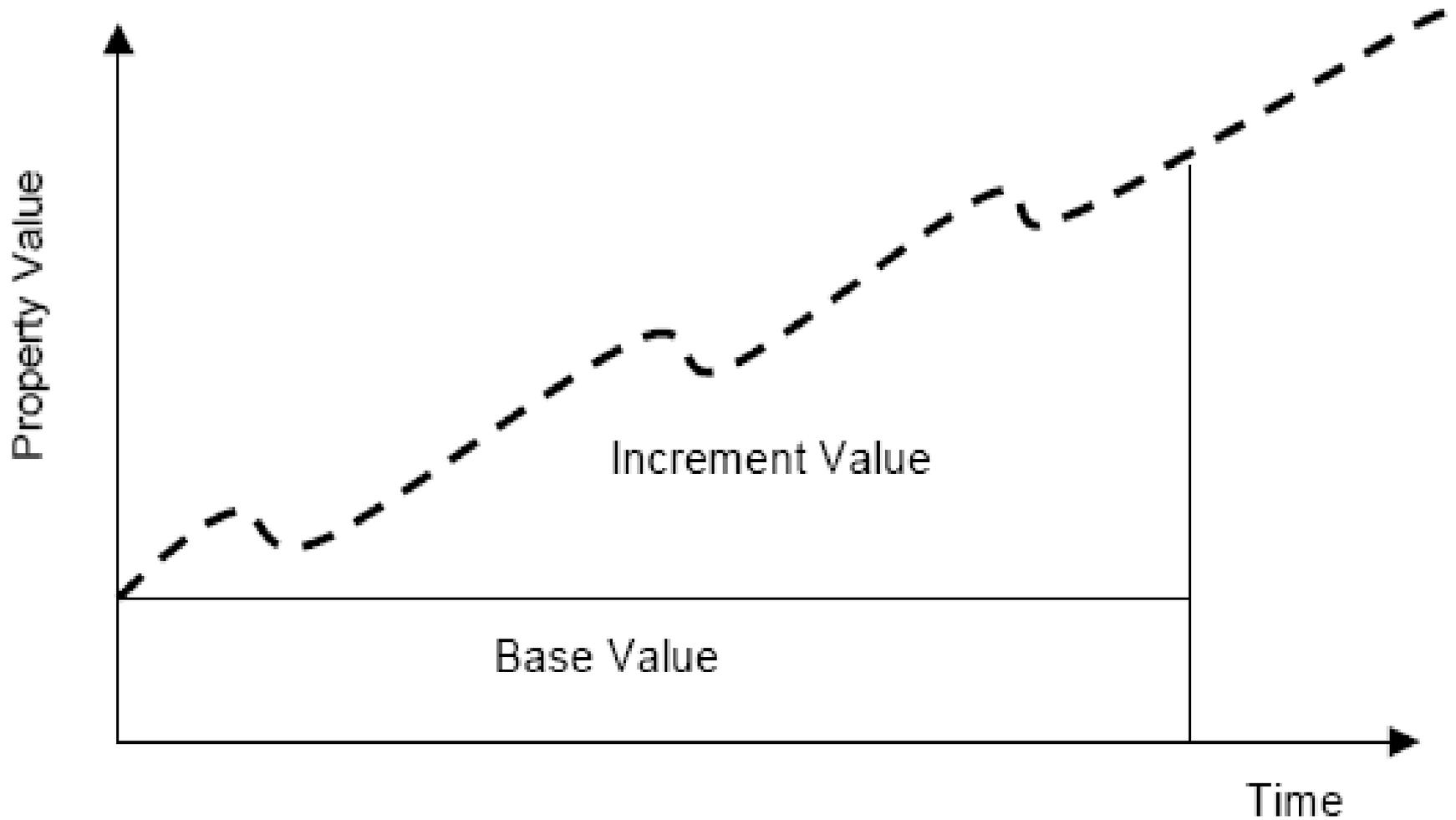
HOW TIF'S ARE CREATED...

- TIF'S ARE CREATED BY A JOINT REVIEW BOARD WHICH IS COMPRISED OF REPRESENTATIVES FROM LOCAL SCHOOLS, TECHNICAL COLLEGES/UNIVERSITIES, AND REPRESENTATIVES FROM ALL TAXING DISTRICTS.
- TID'S EXPIRE AFTER 27 YEARS.
- PROJECT PLAN IS ADOPTED WHICH CONTAINS ALL PROJECTED PUBLIC COSTS AND PRIVATE DEVELOPMENT.

THE “BUT FOR” TEST

- BASIS OF ‘BUT FOR’ FINDING IS PREDICTED ON:
 - WHETHER THE DEVELOPMENT WILL OCCUR WITHOUT THE USE OF TIF.
 - WHETHER THE ECONOMIC BENEFITS ARE SUFFICIENT TO COVER THE COST OF IMPROVEMENTS.
 - WHETHER THE BENEFITS OF THE PROPOSAL OUTWEIGH THE ANTICIPATED TAX INCREMENTS TO BE PAID BY THE OWNERS OF PROPERTY IN THE OVERLYING TAXING DISTRICTS.
- IF THE ‘BUT FOR’ TEST IS SATISFIED, ALL TAXING JURISDICTIONS WILL BENEFIT FROM THE PROPOSED DEVELOPMENT.
- THE USE OF TAX DOLLARS HELPS TO PROMOTE GROWTH THAT OTHERWISE WOULD NOT OCCUR.

HOW TIF WORKS



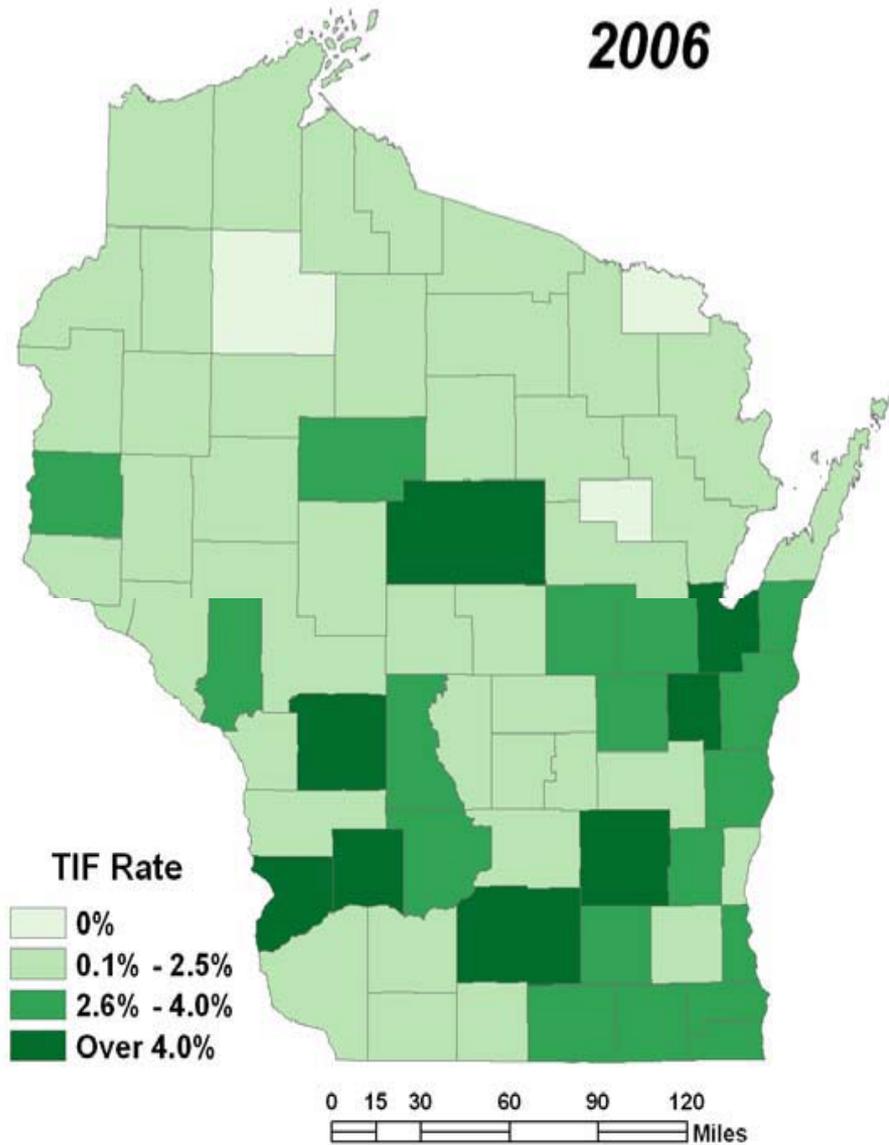
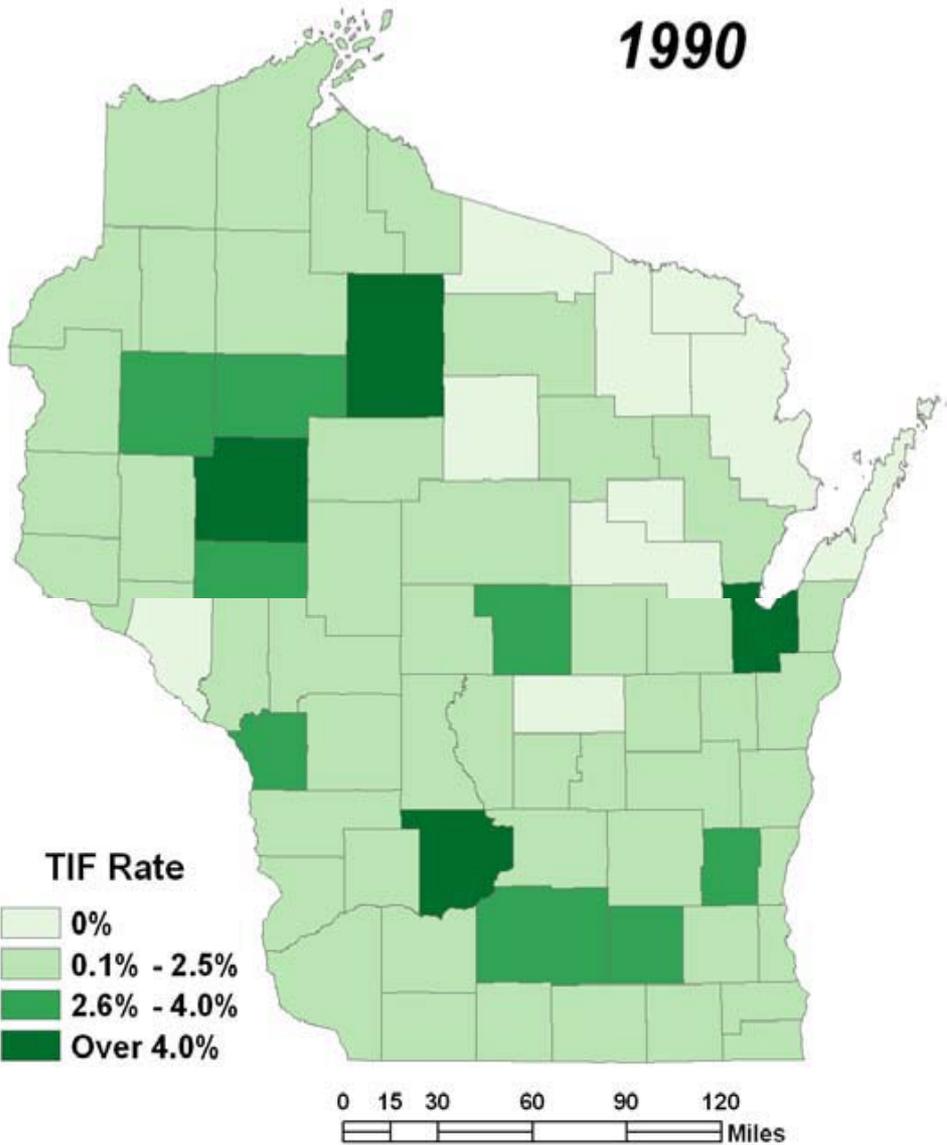
TIF IN WISCONSIN

- TIF GROWTH: TIF UTILIZATION IN WI MUNICIPALITIES HAS GROWN CONSIDERABLY SINCE 1990, ESPECIALLY IN THE SOUTHERN AND CENTRAL AREAS OF THE STATE.
- WHO USES TIF?: MEDIUM-SIZED MUNICIPALITIES (UNDER 50,000 POP.) AND THOSE WITH GROWING PROPERTY TAX BASES ARE USING TIF MORE OFTEN THAN THOSE WITH LOWER RATES OF PROPERTY TAX. TIF IS BEING USED MORE FREQUENTLY BY COMMUNITIES THAT ARE ALREADY EXPERIENCING ECONOMIC GROWTH.
- TIF BENEFITS: TIF CAN BE A USEFUL ECONOMIC DEVELOPMENT TOOL FOR INDIVIDUAL CITIES IN REDEVELOPING “BLIGHTED” PROPERTIES AND RAISING PROPERTY VALUES. HOLDING OTHER FACTORS CONSTANT, EVERY ADDITIONAL DOLLAR OF TIF INCREMENT WITHIN A COMMUNITY IS ASSOCIATED WITH AN INCREASE IN PROPERTY VALUES OF \$6.

TIF UTILIZATION RATES BY COUNTY

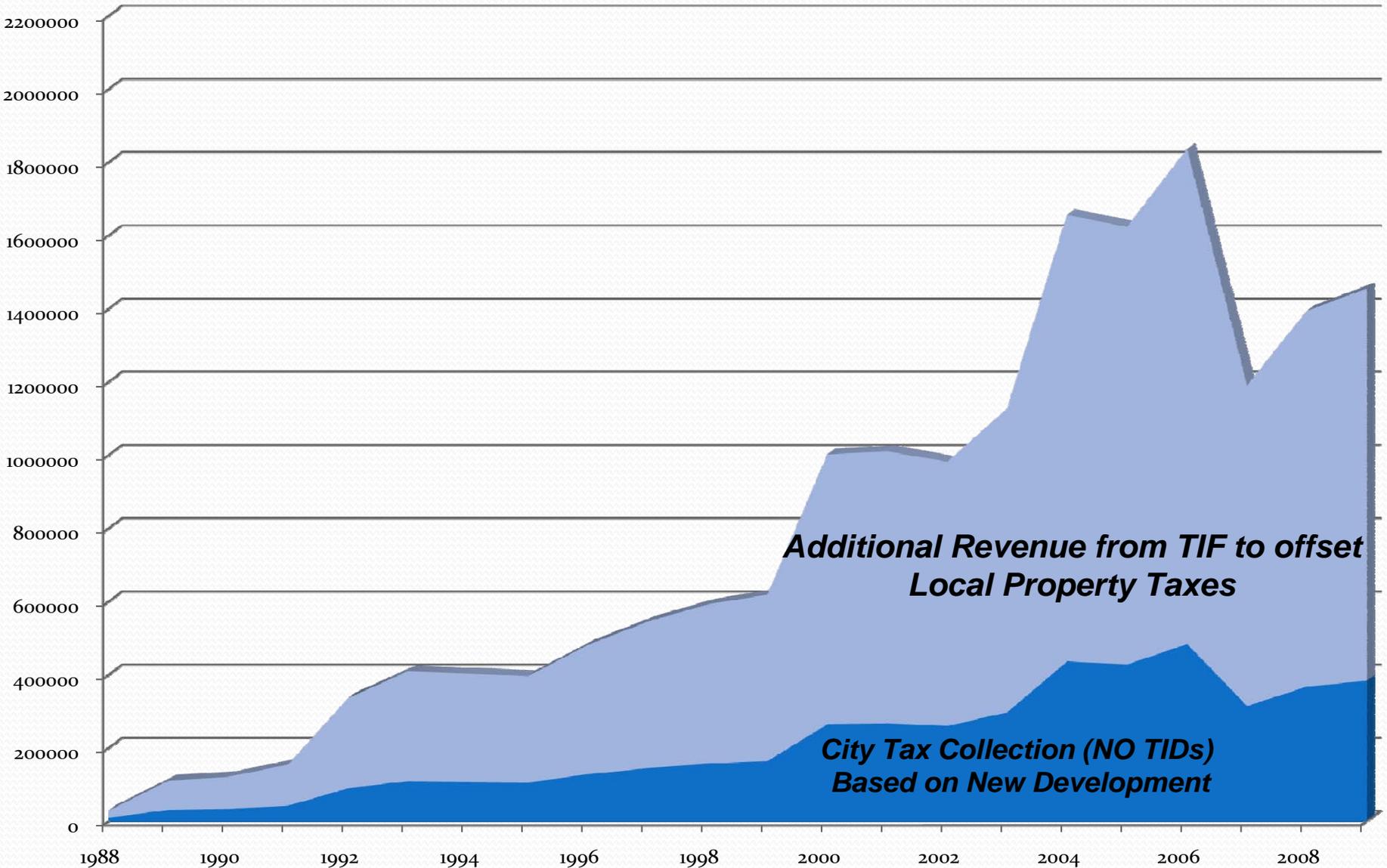
1990

2006



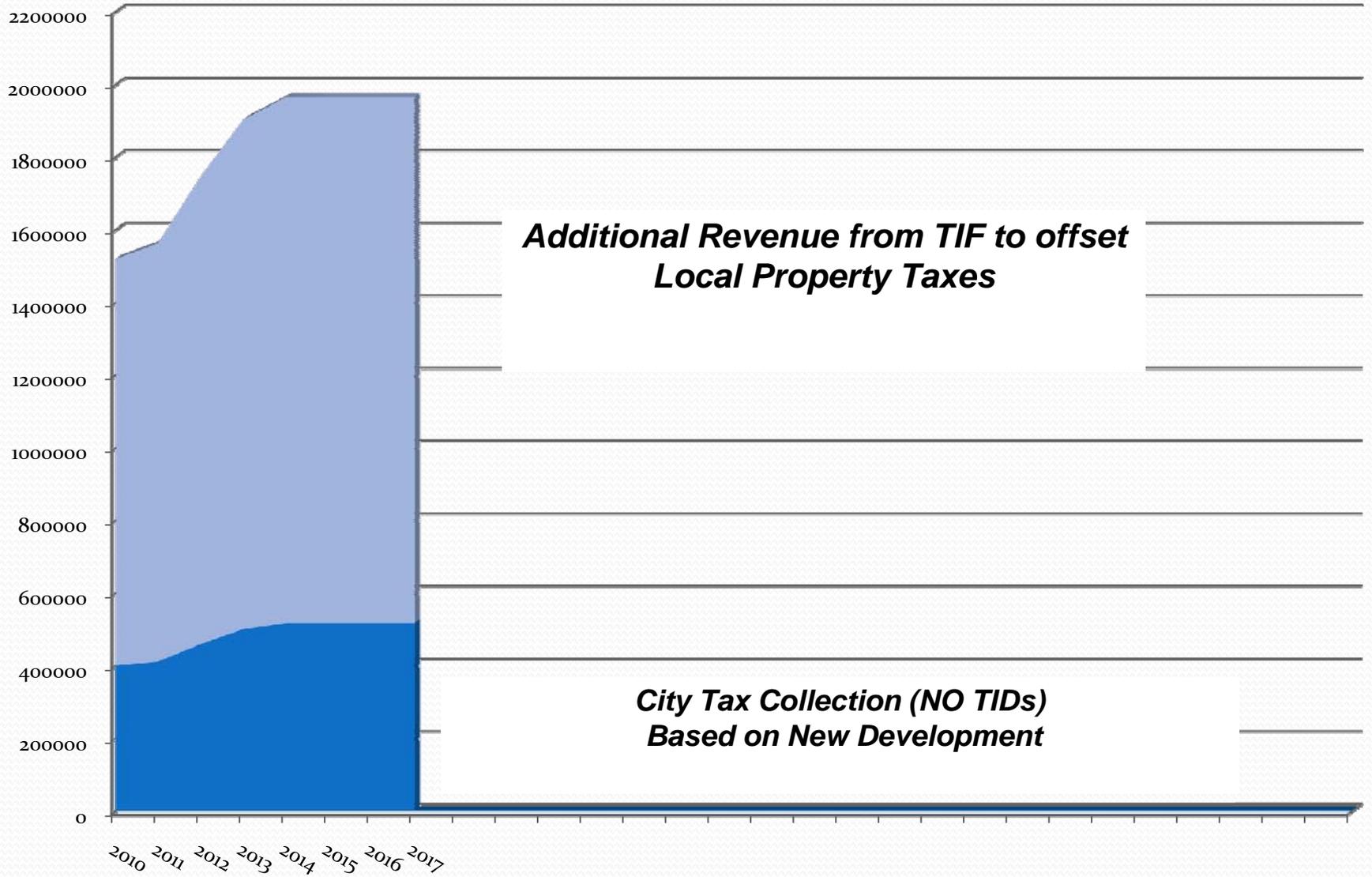
City of Whitewater

Combined Tax Increment Districts (#1, #2, #3, #4)
Historical TIF Analysis (1988-2009)



City of Whitewater

Remaining life of TIF #4 (2010-2017)



IMPACT PER \$100,000 OF PROPERTY VALUE

AVERAGE

TID #1 THROUGH 2006	\$47.08	\$894.46
TID #2 THROUGH 2006	\$33.23	\$631.31
TID #3 THROUGH 2009	\$4.89	\$107.76
TID#4 THROUGH 2009	\$95.48	\$1718.67
TOTAL	\$180.68	\$3352.20

IMPACT FOR 2009 ON RESIDENCE
VALUED @ \$170,000

\$170.29

IMPACT FOR 2009 ON
COMMERCIAL PROPERTY VALUED
@ \$500,000

\$501.85

REVENUE CREATED BY TID'S TO FINANCE IMPROVEMENTS

TID #1
THROUGH 2006

\$2,411,176

TID #2
THROUGH 2006

\$1,970,653

TID #3
THROUGH 2009

\$410,095

TID#4
THROUGH 2009

\$410,095

TOTAL

\$7,010,705

INCREMENT CREATED BY TID'S

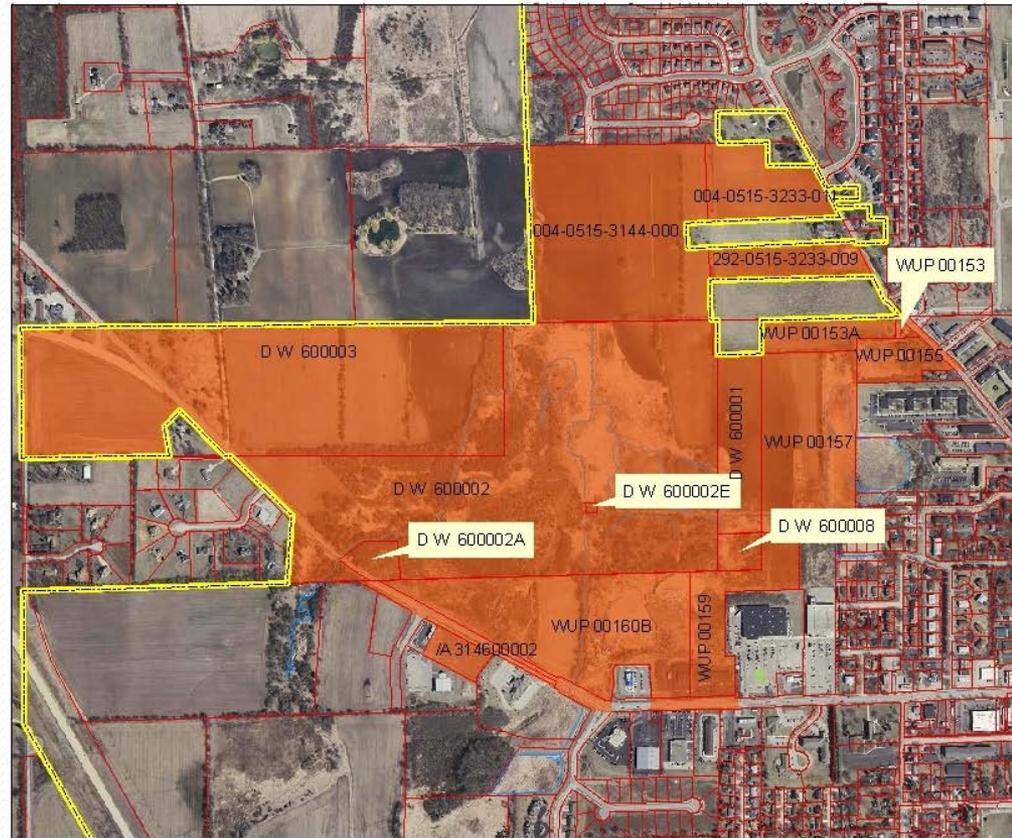
- TID #1 \$10,452,000
 - CREATED IN 1986, CLOSED OUT IN 2005 (3 YEARS EARLY)
- TID #2 \$8,883,900
 - CREATED IN 1987, CLOSED OUT IN 2005 (4 YEARS EARLY)
- TID #3 \$1,896,600
 - CREATED IN 1987, CLOSED OUT IN 2009 (1 YEAR EARLY)
- TID #4 \$78,070,100
 - CREATED IN 1990, AMENDED IN 1998 AND 2005
- TID'S #5,6,7,8,9
 - CREATED IN 2007

MAJOR PROJECTS FINANCED THROUGH TID'S

- CRAVATH LAKE FRONT PARK
- DOWNTOWN PARKING LOTS
- INFRASTRUCTURE IN BUSINESS PARK (ROADS, STORM, SEWER, ETC)
 - COMMERCIAL AVE
 - EXECUTIVE DRIVE
 - ENTERPRISE DRIVE
 - PROSPECT DRIVE
 - UNIVERSAL DRIVE
 - CORPORATE (NOW INNOVATION) DRIVE
 - INDUSTRIAL DRIVE
 - ENDEAVOR DRIVE
- ACQUISITION OF PROPERTY; KRUGER FARM, ALPHA CAST, WW REGISTER, FRANCIS MUFFER, HAVILL-SPOERL, HAWTHORN MELLODY
- BLUFF ROAD, EAST TOWNE ROUNDABOUT, WHITEWATER PLAZA, 4TH STREET RECONSTRUCTION, FREMONT ST., PRAIRIE VILLAGE DEVELOPMENT

TID 5 DISTRICT BOUNDARY MIXED USE TID

City of Whitewater
Tax Increment Finance District 5
Mixed-Use



- Legend**
- City of Whitewater
 - Example New TID's

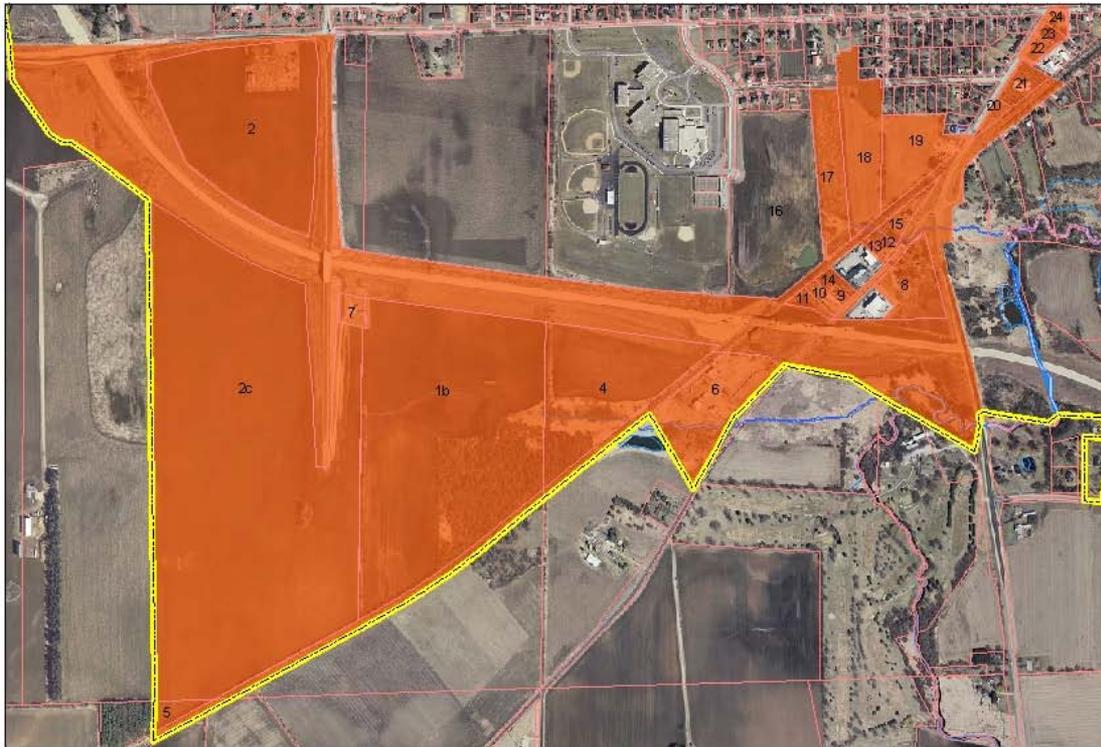


TID 5 PROPOSED EXPENDITURES

STREET CONSTRUCTION, IMPROVEMENTS, AMENITIES, & ROW ACQUISITION	\$4,600,000
RELOCATION	20,000
SANITARY SEWER INTERCEPTOR EXTENSION	405,000
PUMP STATION UPGRADE	500,000
WATER MAIN LOOPING	315,000
ADMINISTRATION CITY/CDA	<u>500,000</u>
TOTA	\$6,340,000

TID 6 DISTRICT BOUNDARY INDUSTRIAL USE TID

City of Whitewater
Tax Increment Finance District 6
Industrial

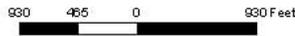


Tax ID	
1b	AWUP 00324
2	AWUP 00325
2c	AWUP 00325
4	AWUP 00327
5	AWUP 00328
6	AWUP 00341
7	A277200001
8	A285000002
9	AWUP 00316A
10	AWUP 00316D
11	AWUP 00316E
12	AWUP 00316F
13	AWUP 00316G
14	AWUP 00316H
15	AWUP 00299
17	A373900004
18	A 71200002
19	AWUP 00298
20	AWUP 00297
21	AWUP 00296
22	AWUP 00294A
23	AWUP 00294
24	AWUP 00295



Legend

-  City Limits
-  Example New TID's



TID 6 PROPOSED EXPENDITURES

BUSINESS PARK DEVELOPMENT	\$8,400,000
STREET CONSTRUCTION, IMPROVEMENTS, AMENITIES & ROW ACQUISITION	466,000
DEVELOPMENT INCENTIVES	1,000,000
RAIL SPUR CONSTRUCTION	200,000
LAND ACQUISITION	2,600,000
RELOCATION	100,000
ADMINISTRATION CITY/CDA	<u>500,000</u>
TOTAL	\$13,266,000

PROJECT FINANCED THROUGH TID #6

- **LOCATION: REDEVELOPMENT PROPERTY LOCATED AT 850 S. JANESVILLE STREET**
- **GOAL: ELIMINATE BLIGHT**
- **PROJECT: BUILD AN APPROXIMATELY 9,660 SQ FT MIXED USE BUILDING**
- **TID: ECONOMIC INCENTIVE GRANT IN THE AMOUNT OF \$50,000 TO BE PAID UPON COMPLETION OF THE PROJECT**
- **GUARANTEE: FAIR MARKET VALUE OF THE PROPERTY AFTER COMPLETION OF THE CONSTRUCTION WILL BE AT LEAST \$902,100**

TID 6 REDEVELOPMENT SITE



850 S. JANESVILLE STREET

TID 7 DISTRICT BOUNDARY MIXED USE TID

City of Whitewater
Tax Increment Finance District 7
Mixed-Use



Legend

-  City of Whitewater
-  Example New TID's

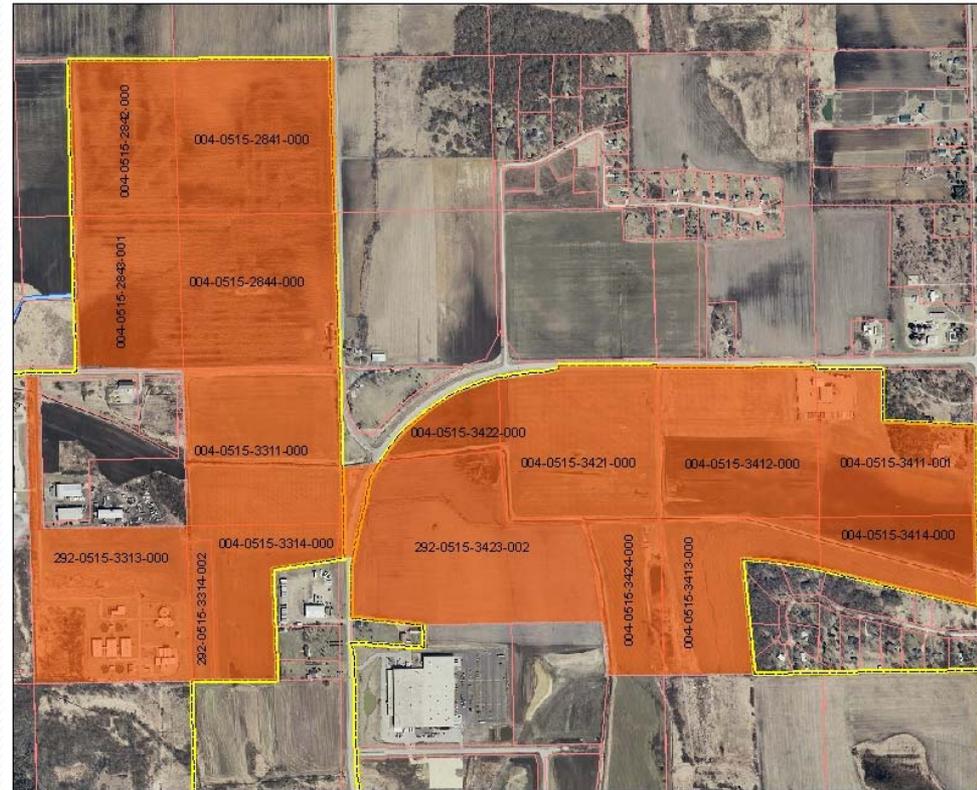


TID 7 PROPOSED EXPENDITURES

STREET CONSTRUCTION, IMPROVEMENTS, AMENITIES & ROW ACQUISITION	\$ 3,600,000
WATER AND SEWER EXTENSIONS	457,000
ADMINISTRATION CITY/CDA	<u>500,000</u>
TOTAL	\$4,557,000

TID 8 DISTRICT BOUNDARY INDUSTRIAL TID

City of Whitewater
Tax Increment Finance District 8
Industrial



1,250 625 0 1,250 Feet



Legend

-  Example New TID's
-  City of Whitewater



06.07.07

Data Source: <http://irs.co.jefferson.wi.us>



TID 8 PROPOSED EXPENDITURES

STREET CONSTRUCTION, IMPROVEMENTS, AMENITIES& ROW ACQUISITION	\$2,542,000
WATER AND SANITARY SEWER EXTENSIONS	1,290,000
LAND ACQUISITION	4,560,000
DEVELOPMENT INCENTIVES	2,000,000
SITE GRADING/DEVELOPMENT	400,000
RAIL SPUR CONSTRUCTION	200,000
ADMINISTRATION CITY/CDA	<u>500,000</u>
TOTAL	\$11,292,000

TID 9 PROPOSED EXPENDITURES

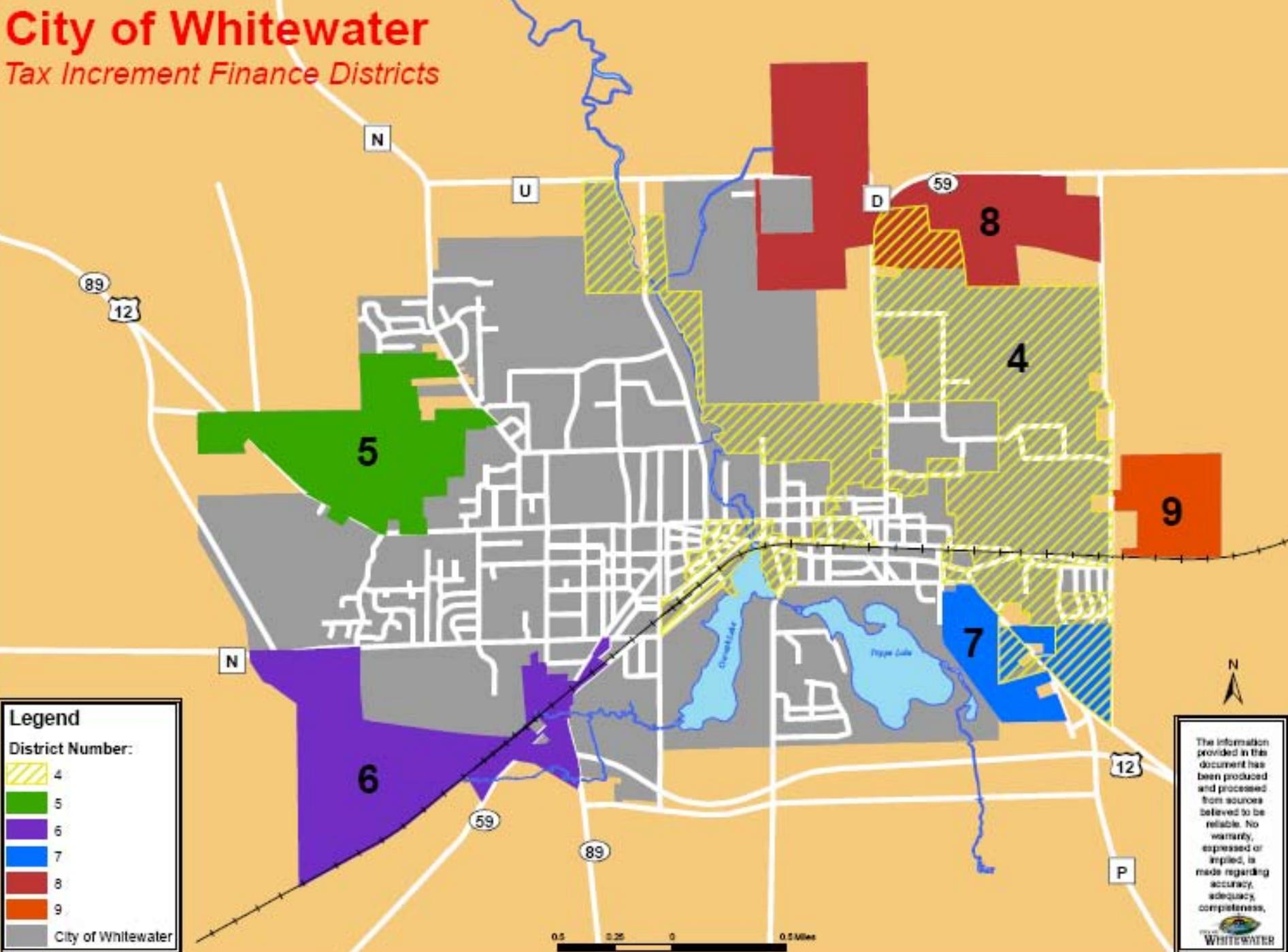
STREET CONSTRUCTION, IMPROVEMENTS AND AMENITIES	\$ 2,525,000
RAIL SPUR CONSTRUCTION	200,000
INTERNAL STREETS AND UTILITIES	2,625,000
DEVELOPMENT INCENTIVES	1,500,000
LAND ACQUISITION	500,000
ADMINISTRATION CITY/CDA	<u>500,000</u>
TOTAL	\$8,000,000

MAJOR BENEFITS OF TID'S TO THE CITY OF WHITEWATER

- NO SPECIAL ASSESSMENTS FOR STREET AND UTILITY IMPROVEMENTS.
- JOB CREATION IN BUSINESS PARK AND DOWNTOWN.
- REDUCE PROPERTY TAXATION.
 - 2008 CITY PROPERTY TAXES AMONG LOWEST IN WI.
- SPURS DEVELOPMENT THROUGHOUT THE ENTIRE CITY.
 - RESIDENTIAL AND COMMERCIAL

City of Whitewater

Tax Increment Finance Districts



Legend

District Number:

- 4 (Yellow diagonal lines)
- 5 (Green)
- 6 (Purple)
- 7 (Blue)
- 8 (Red)
- 9 (Orange)
- City of Whitewater (Grey)

The information provided in this document has been produced and processed from sources believed to be reliable. No warranty, expressed or implied, is made regarding accuracy, adequacy, completeness,

