

# Memorandum

**To:** Economic Development Committee Members  
**CC:** Aaron Olver, Director of Economic Development  
**From:** Smart Growth Greater Madison  
**Date:** February 20, 2013  
**Re:** TIF policy recommendations

## **TIF Policy Recommendations**

Smart Growth Greater Madison would like to thank the Economic Development Committee and Subcommittee on TIF for their hard work on this challenging endeavor. Tax Incremental Financing Policy has undergone many transitions and modifications over the years, but this is first iteration that truly improves TIF policy without compromising the elements of accountability and caution that are consistently important to Madison policy makers.

We are particularly pleased to see the recommendation to eliminate the equity participation formula; that part of Madison's policy was unfair and only done in Madison. This is a step in the right direction to put us at least closer to a level playing field with Wisconsin communities using TIF.

The change to how the TIF application fee is applied is also welcomed. It is more appropriately reflective of what the applicant receives, yet still accounts for the administrative costs associated with processing a TIF application.

The flexibility as an overarching theme significantly improves things, while still leaving room for making our priorities clear to applicants. The inclusion of Targeted Development Areas also shows a good faith effort to outside businesses looking at locating in Madison. As we have heard from a fair number of developers in recent months, we are losing deals to other communities, because we have no ability to give them any strong indication that a TIF is even possible. We hope this sends a positive message to the businesses making their decisions about expansion, relocation and continued operation in Madison's borders.

Madison's 3-5 Year Economic Development Plan called for making better use of TIF as a tool for economic development. Whereas Madison has a great record of successful TIF projects, this does not mean we cannot do better, or that we have not succeeded in spite of ourselves. The recommendations in front of you truly embrace the intent of the Economic Development Plan as it pertains to using TIF in Madison. You state a desire to grow our tax base, outline our priorities, and eliminate problematic requirements that were truly a disincentive to applicants.

We hope you approve the recommended changes to TIF policy, and also that you follow up as advocates to the Aldermanic committee taking it on this spring.