

## **Executive Summary to the City of Madison Joint Review Board**

### **Tax Incremental District (TID) No. 54 (Pennsylvania Ave) 2026 Project Plan Amendment City of Madison**

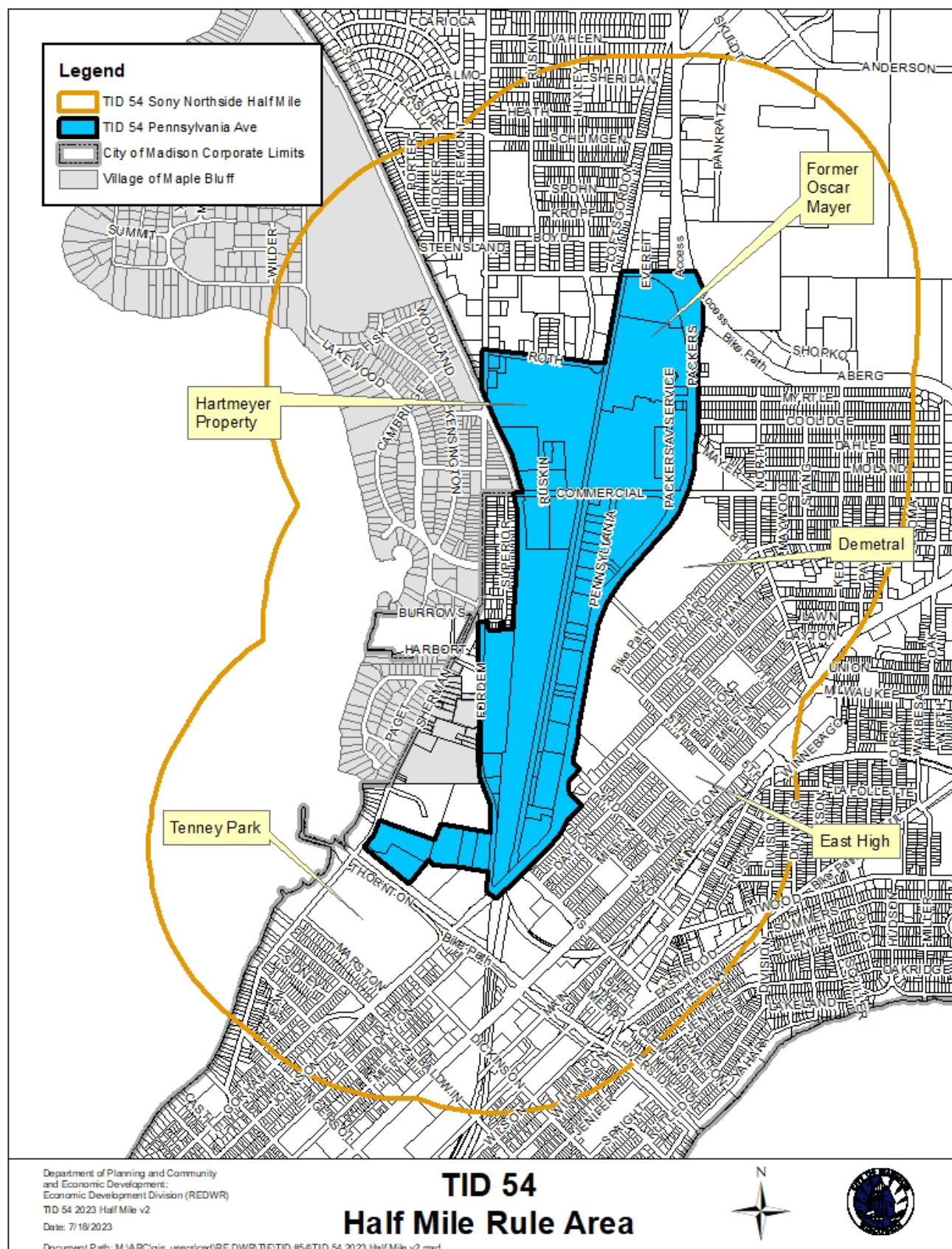
May 22, 2026

#### **Background**

By statute, a TIF Joint Review Board, comprised of one representative each from the Madison Metropolitan School District (MMSD), the City of Madison, Dane County, Madison College (MATC) and one public member, meets to review, and if acceptable, approve a proposed amendment to a Tax Incremental District (TID) Project Plan. The Joint Review Board will meet at a future date to take action upon the proposed amendment to the project plan to TID 54 (Pennsylvania Ave).

#### **Summary of the TID #54 Project Plan**

The map on the next page depicts the boundaries of TID 54 in the Pennsylvania Ave area of the City of Madison, along with the Half Mile boundary of TID 54:



## TIF Law Required Information for TID Amendment Approval

### 1) Estimates of project costs and tax increments, including:

#### a) Specific items that constitute project costs; (See Chart Below)

**NOTE: Amendments to the Project Plan from the First Amendment (2024) are highlighted in yellow.**

**NOTE: Amendments to the Project Plan from the Second Amendment (2026) are highlighted in green.**

| Type TID / Major Project      | Project/Program Name                          | Year / Time Frame | Proposed TIF Funded Non-Assessable Costs | Assessable / Non-TIF Project Costs | Total      |
|-------------------------------|-----------------------------------------------|-------------------|------------------------------------------|------------------------------------|------------|
| Engineering                   | Roth St                                       | 2023-2050         | 945,000                                  | 105,000                            | 1,050,000  |
| Engineering                   | Sherman Ave                                   | 2023-2050         | 495,000                                  | 55,000                             | 550,000    |
| Engineering                   | New N/S Multi-Use Path                        | 2023-2050         | 2,370,000                                | 0                                  | 2,370,000  |
| Economic Development          | Business Improvement Grants                   | 2023-2050         | 850,000                                  | 0                                  | 850,000    |
| Economic Development          | Façade Grants                                 | 2023-2050         | 290,000                                  | 0                                  | 290,000    |
| Economic Development          | Commercial Ownership Assistance Grant Program | 2023-2050         | 1,750,000                                | 0                                  | 1,750,000  |
| Economic Development          | Small Cap TIF                                 | 2023-2050         | 1,000,000                                | 0                                  | 1,000,000  |
| Economic Development          | Development Loans (Hartmeyer 1 & 2)           | 2023-2050         | 6,250,000                                | 0                                  | 6,250,000  |
| Org., Admin., and Prof. Costs | Admin                                         | 2023-2050         | 500,000                                  | 0                                  | 500,000    |
|                               |                                               |                   |                                          |                                    |            |
| TOTAL                         |                                               |                   | <b>14,450,000</b>                        | 160,000                            | 14,610,000 |
| Financing Costs               |                                               | 2023-2050         | 3,974,000                                | 0                                  | 3,974,000  |

| Type TID / Major Project                                 | Project/Program Name                                                  | Year / Time Frame | Proposed TIF Funded Non-Assessable Costs | Assessable / Non-TIF Project Costs | Total      |
|----------------------------------------------------------|-----------------------------------------------------------------------|-------------------|------------------------------------------|------------------------------------|------------|
| Sanitary Sewer                                           | Sanitary sewer (Fordem Ave to East Johnson St)                        | 2024-2050         | 714,000                                  | 0                                  | 714,000    |
| Park Improvements                                        | Demetral, Burrows, Eken, Tenney, Sherman School, and new Roth St park | 2024-2050         | 2,114,000                                | 0                                  | 2,114,000  |
| Economic Development                                     | Vermillion Site (1617 Sherman Ave)                                    | 2024-2050         | 1,669,000                                | 0                                  | 1,669,000  |
| Total 2024 Amendment Costs                               |                                                                       | 2024-2050         | 4,497,000                                | 0                                  | 4,497,000  |
|                                                          |                                                                       |                   |                                          |                                    |            |
| Total TID 54 Project Costs (Original and 2024 Amendment) |                                                                       | 2024-2050         | 18,947,000                               | 160,000                            | 19,107,000 |
| 2024 Amendment Financing Costs                           |                                                                       | 2024-2050         | 1,236,000                                | 0                                  | 1,236,000  |
| Total Financing Costs                                    |                                                                       | 2023-2050         | 5,210,000                                | 0                                  | 5,210,000  |

| Type TID / Major Project                                        | Project/Program Name                                | Year / Time Frame | Proposed TIF Funded Non-Assessable Costs | Assessable / Non-TIF Project Costs | Total      |
|-----------------------------------------------------------------|-----------------------------------------------------|-------------------|------------------------------------------|------------------------------------|------------|
| Economic Development                                            | Realta Fusion (Phase 1 and Phase 2 – 910 Mayer Ave) | 2026-2050         | 2,800,000                                | 0                                  | 2,800,000  |
| Total 2026 Amendment Costs                                      |                                                     | 2026-2050         | 2,800,000                                | 0                                  | 2,800,000  |
|                                                                 |                                                     |                   |                                          |                                    |            |
| Total TID 54 Project Costs (Original, 2024, and 2026 Amendment) |                                                     | 2026-2050         | 21,747,000                               | 160,000                            | 21,907,000 |
|                                                                 |                                                     |                   |                                          |                                    |            |
| 2026 Amendment Financing Costs                                  |                                                     | 2026-2050         | 770,000                                  | 0                                  | 770,000    |
| Total Financing Costs                                           |                                                     | 2023-2050         | 5,980,000                                | 0                                  | 5,980,000  |

NOTE: These project costs and non-project costs conform with State Statute 66.1105(4)(GM).

**b) The total dollar amount of these project costs to be paid with tax increments;**

Per the above chart, tax increments will pay for a total of **\$21,747,000** of project costs.

**c) The amount of tax increments to be generated over the life of the tax incremental district.**

Through the end of 2025, TID 54 generated an estimated \$100,000 of incremental revenues. Based upon the City's revised TIF run for the second (2026) amendment, TID 54 will generate an additional \$22 million of incremental revenue through its expiration date of 2050. The net present value of these incremental revenues is \$9 million. The original and first amendment (2024) to the project plan estimated that TID 54 would generate \$59 million of incremental revenue through its expiration date of 2050. The net present value of these \$59 million of tax increments was estimated to be \$21 million.

**This would lead to a total forecasted incremental revenue over the entire life of TID 54 of \$81 million.**

**2. The amount of value increment when the project costs are paid in full and the district is closed.**

Based upon development projects that have occurred to date, the anticipated incremental value of property within the district at the end of its 27-year life is estimated at **\$323,000,000**. This value will be returned to overlying tax jurisdictions for general tax levy

purposes upon closure of the district at the end of its statutory life. Based upon conservative estimates, the district will generate sufficient incremental revenues to repay all anticipated project costs by 2034.

Without any additional projects generating new incremental value, the estimated incremental value in 2034 is \$215 million. The 2025 incremental value is approximately \$16 million. However, the City may propose future amendments to the TID 54 project plan to fund additional development or infrastructure projects.

**3. The reasons why the project costs may not or should not be paid by the owners of property that benefit by improvements within the district.**

The budget for the proposed project plan amendment is estimated at \$21,907,000.

The total amount of assessable costs not to be paid for with TIF funds is \$160,000.

**The total amount of costs to be paid for with TIF funds is \$21,747,000.**

**4. The share of the projected tax increments estimated to be paid by the owners of taxable property in each of the taxing jurisdictions overlying the district.**

The certified base value of TID 54 is **\$80,701,500**. Overlying jurisdictions will continue to collect their portion of the levy upon the base value over time. The box below indicates the share of the estimated first tax increment invested by overlying tax jurisdictions based upon the 2026 mill rate.

| <u>Tax Jurisdiction</u> | <u>2026 Mill Rate</u> | <u>Share of Tax Levy</u> |
|-------------------------|-----------------------|--------------------------|
| City                    | 7.00                  | 35%                      |
| County                  | 2.36                  | 12%                      |
| MMSD                    | 10.41                 | 51%                      |
| MATC                    | 0.64                  | 3%                       |
| State of WI             | 0.0                   | 0%                       |
| Totals*                 | 20.38**               | 100%**                   |

Source: City of Madison 2026 Adopted Operating Budget  
 \*NOTE: Total Mill Rate is the Gross Mill, prior to any State Tax Credits being applied to this rate.  
 \*\*NOTE: Total may not add due to rounding

**5. The benefits that the owners of taxable property in the overlying taxing jurisdictions will receive to compensate them for their share of the projected tax increments.**

A conservative estimate of the total incremental value resulting from potential development projects, and economic growth or value appreciation of the life of the TID is estimated to be \$323 million. The benefits of these potential projects are: sharing new equalized value growth, blight elimination, infrastructure improvements, and job creation / retention to benefit those in the district and throughout the City of Madison.

TID 54's base value of \$80,701,500 is anticipated to grow by \$323 million at the end of the 27-year life of the TID. Assuming that the City incurs all of the \$21.7 million of projected costs identified in the TID Project Plan, that there are no changes in tax increment estimates, no further project plan amendments and no changes to TIF Law, the City of Madison forecasts that TID 54 may close in 2034. The average life of a TID in the City of Madison is 12 years. The estimated incremental value of the TID in 2034 when the TID is forecasted to be closed is estimated to be \$215 million (*Note: variations are due to rounding*).

TID 54 is a "blighted area" TID, as defined by State Statute 66.1105.

### Criteria for TID Approval

Per TIF Law, the Joint Review Board will cast a vote based upon the following three criteria:

**1. Whether the development expected in the tax incremental district would occur without the use of tax incremental financing.**

Only \$160,000 of the proposed \$21,907,000 in project costs are assessable. Without tax increment revenue, such improvements that would be supported by the \$21.7M of TIF investment are not likely to occur when compared to areas in the City where special assessment revenues may be more readily available to fund greater portions of project costs. In the case of the 2026 Project Plan Amendment to support Realta Fusion, Inc, it is not likely that the 200 jobs would be created / retained within the City of Madison.

**2. Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, is insufficient to compensate for the cost of improvements.**

If the District closes in 2034 as projected, it is estimated that approximately \$215 million of incremental value would return to the overlying taxing jurisdictions. At 27 years, the District would return approximately \$323 million of incremental value to the overlying taxing jurisdictions. Without TIF, the infrastructure and other investments described in the project plan document in and adjacent to TID 54 would not occur. The infrastructure and other improvements will continue to boost values within and adjacent to TID 54.

**3. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by owners of property in the overlying tax districts.**

Property and infrastructure improvements, blight elimination, tax base growth and job creation / retention are the most significant and quantifiable benefit to overlying tax jurisdictions from the investment of TIF funds.

Without TIF, overlying tax jurisdictions would share approximately \$1,500,000 of tax revenues for the tax parcels included in TID 54, based on the base value of \$80,701,500. As stated earlier, the incremental value in 2034 at the end of the

projected life of the TID is estimated at \$215 million. Theoretically, if the City invested all \$21.7 million of project costs in the district, which investment would leverage over \$215 million; or \$1 of TIF leverages approximately \$10 of value growth. If the TID were to be closed at that time, this value growth would be returned to overlying tax jurisdictions that would now share in a levy of approximately \$5.5 million, or a net gain of approximately \$4 million as a result of TIF.

In turn, the anticipated tax increments over the life of the district are estimated to support \$21.7 million of public investment. This investment will further enhance the area, eliminate blight, increase values in and around the District, and help create new, family-supporting jobs.