

Rolfs, Daniel

From: Thomas J Mertz [tjmertz@madison.k12.wi.us]
Sent: Wednesday, July 31, 2013 4:36 PM
To: Rolfs, Daniel
Subject: Fwd: TIF Revisions

Thanks.

Previous communication (forgot to cc you on this one).

TJ

TJ Mertz
Madison Metropolitan School District Board of Education, Seat Five
"Educate in order that your children may be free" --Irish Proverb

----- Forwarded message -----

From: **Thomas J Mertz** <tjmertz@madison.k12.wi.us>
Date: Wed, Jul 10, 2013 at 2:01 PM
Subject: TIF Revisions
To: district11@cityofmadison.com, district19@cityofmadison.com, district4@cityofmadison.com,
district5@cityofmadison.com, district13@cityofmadison.com, Thomas Mertz <tjmertz@sbcglobal.net>,
jgromacki@cityofmadison.com

Committee Members

I want to thank you all for the opportunity to speak and answer questions last night. I apologize for perhaps not being as prepared as I should have been. My primary purpose was to communicate that as the body responsible for about 45% of the revenues and potential revenues involved, MMSD has a significant interests in TIF policies and practices, and that that these interests although overlapping, are not identical with the interests of the City. As promised, I will follow up with more detailed comments on particulars of the proposed revision well in advance of your next meeting (unfortunately I will not be able to attend the August meeting). I would also be glad to facilitate coordination, cooperation and information sharing with the District and the Board of Education. The City and the District have been working to create a stronger partnership and I hope that we can extend this effort to TIF policy.

I am also writing today to correct or clarify misrepresentations or mis-impressions in some of the testimony you heard yesterday. The two items of concern are the impact of TIF on State school aid and the charge to the Joint Review Board.

You were correctly informed that the State aid is calculated on a "TID out" basis, but for MMSD in most years this makes no difference. As I said, MMSD is a high property wealth, high spending district. This is the case after property in TIDs is taken out. MMSD begins our budgeting by assuming that this combination will result in the maximum cut in State aid allowed by law, 15%. In all but one recent year, this assumption has been correct. There is every reason to believe that this will be the case in future years. The "TID out" does not limit cuts, much less increase aid for MMSD. I could go into more detail, but I think this topic highlights the need for you to meet with MMSD budget staff who are better able to explain and answer questions, I hope we can arrange that.

On the role of the Joint Review Board, what you were told -- that the JRB was limited to "but for" considerations -- is very different than what appears in Statutes. Here is that section (4m, page 16 of the pdf, <http://www.revenue.wi.gov/pubs/slf/tif/tiflaw.pdf>):

1. The board shall base its decision to approve or deny a proposal on the following criteria:
 - a. Whether the development expected in the tax incremental district would occur without the use of tax incremental financing.
 - b. Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, are insufficient to compensate for the cost of the improvements.
 - c. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts.
2. The board shall issue a written explanation describing why any proposal it rejects fails to meet one or more of the criteria specified in subd. 1.

Thank you again and looking forward to working with you on this.

TJM

TJ Mertz

Madison Metropolitan School District Board of Education, Seat Five

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