

Members of the TIF Revision Committee

I am writing to follow up on my testimony at your previous meeting (I will be unable to attend the August meeting). As I said previously, “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,” and to encourage this committee to work with the school district to understand and incorporate our interests in your work.

From my point of view as an individual School Board Member, these interests include retaining those aspects of the current TIF policy that protect the tax payers and result in timely TIF closures, as well as strong “community benefits” requirements that would help the families of our students. MMSD is a high property wealth, high student poverty, high spending district. This is the case after property in TIDs is taken out. Most years, 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. Because of this combination of circumstances, MMSD is continually faced with the choice of greatly increasing property taxes or limiting the programs and services for our students. In the long run the growth in property values due to wise TIF investments eases the property tax increases. In this we share the interest of the City. However, unlike the City during the life of a TID we cannot access the revenues to aid in our central mission. The City can use TIF revenues to improve infrastructure; in contrast during the life of a TID the School District has loses access to tax revenue that could be used to help children learn to read. The district must weigh this current loss of access against the promise of future revenues, and be secure that that promise will be realized in a timely manner.

In response to a question from a Committee Member, I promised a more detailed explication of the proposed changes. This is below, based on the comparative matrix.

Goals of TIF Policy:

The introductory language and the following sections in the proposed revision in part shifts the goals from detailed targeted development for high needs communities in a manner that privileges being “competitive and flexible.” In my opinion the goals of the existing policy are preferable. For ease of interaction with potential developers, I can see the benefit of moving the detailed goals to separate document which would be referenced in the initial communications with staff, but the current goals should remain part of the policy, with all the detail retained. Living wage job creation, affordable housing and neighborhood revitalization need to remain central to TIF policy. “Market Rate Housing” and ill-defined “desirable employers” and “career ladders” are weak substitutes and ones that will likely lead to public investments in development that do not mitigate and will likely aggravate existing inequities. At time when many other cities are enhancing the community benefits they seek via TIF, the proposed changes would take us

in the opposite direction. I would like to see a consideration of the possibilities of community benefits improvements -- maybe things like youth job training could be added -- as part of the considerations of your committee and think that including the School District in these discussions could be productive.

3.2 Creation or Amendment of TIDs (Figure 2c)

The current policy requires economic generators in proposed districts and includes a 12 year expenditure period. The proposed policy is silent on these. Perhaps the details of both of these could be tweaked, but the concepts should be retained. These are examples of provisions that protect the taxpayers (and the school district) and hasten the likely closure of TIDs.

“But For” Standard

The proposed addition of “competitive factors” is likely to lead to greater funding for projects with weaker incremental growth and is contrary to the interest of the School District in timely closures.

50% Rule

The current 50% rule protects the taxpayers and the School District and again enhances the likelihood of timely closure.

Projected Increment

No matter how “extraordinary” no project that uses “100% or more of their projected increment” should be allowed.

Standards for TID Creation

See above under “Goals.” Here again, the introduction of ideas of competitiveness and marginalization of the community benefits that would have direct and positive impacts on the families of MMSD students moves the TIF policy in a direction that will bring it into conflict with the interests of MMSD.

In closing, I want to restate that the views expressed here are my personal views and not those of the Madison Metropolitan School District Board of Education and ask again that your Committee initiate official communications with the School District before moving forward with proposed revisions.

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