

Executive Summary to the City of Madison Joint Review Board

Tax Incremental District (TID) No. 46 (Research Park) 2025 Project Plan and Boundary Amendment City of Madison

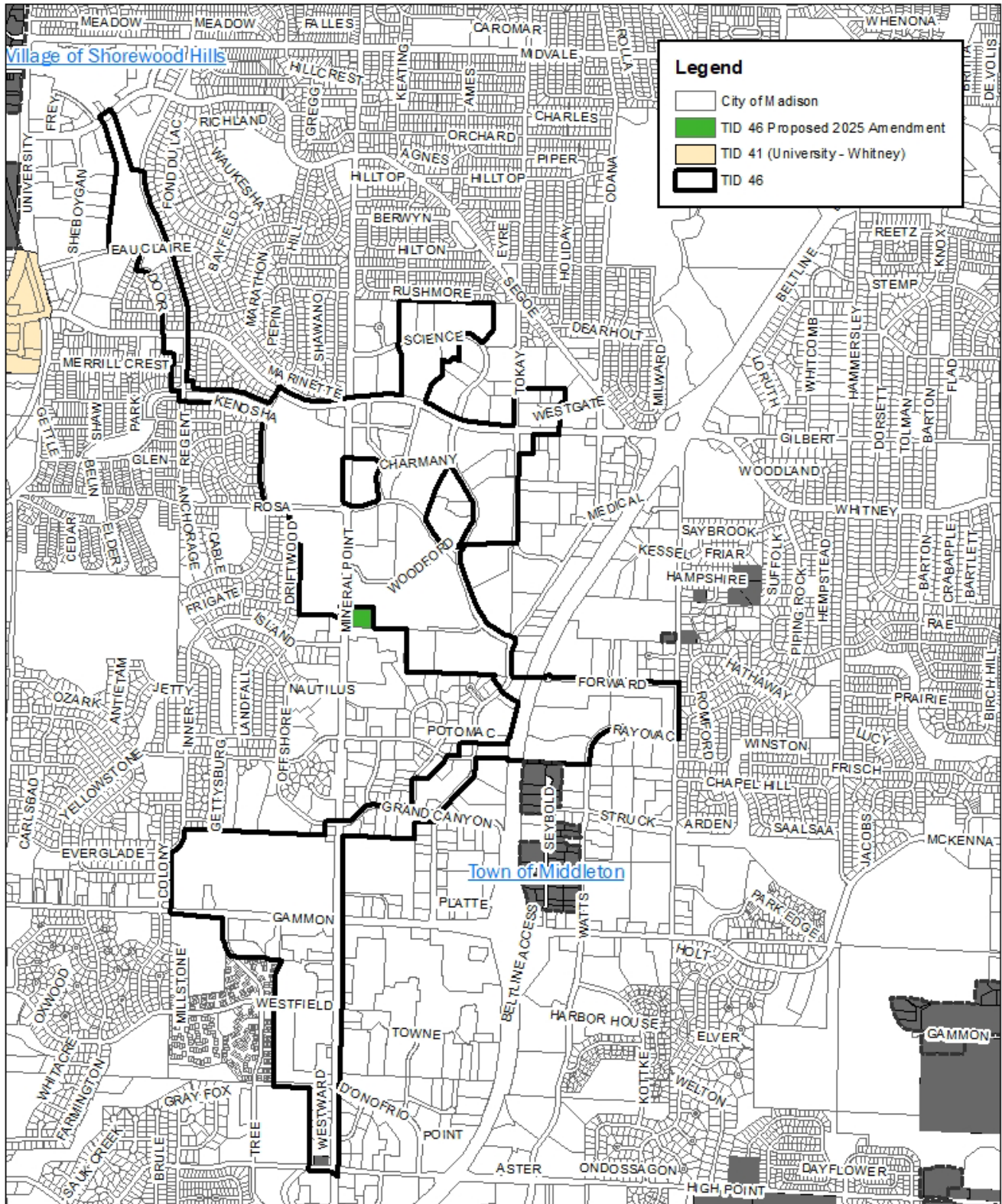
January 30, 2025

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 act upon the proposed amendment to the project plan and boundary to TID 46 (Research Park).

Summary of the TID #42 Project Plan

The map on the next page depicts the boundaries of TID 46, including the proposed boundary amendment, in the Research Park area of the City of Madison:



Department of Planning and Community
and Economic Development
Economic Development Division (REDWR)
TID 46 - 2025 Project Plan Amendment
Date: 1/22/2025

TID #46 Research Park



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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:

NOTE: Items highlighted in yellow are additions or changes for the First Amendment.

NOTE: Items highlighted in gray are additions or changes for the Second Project Plan Amendment proposed in 2018.

NOTE: Items highlighted in green are additions or changes for this Third Project Plan Amendment and Second Boundary Amendment in 2021.

NOTE: Items highlighted in blue are additions or changes for this Fourth Project Plan Amendment and Third Boundary Amendment in 2025.

	Proposed TIF Funded Non-Assessable Cost	Assessable Costs	Total	Time Frame
-				
Total Public Improvements	\$-	\$-	\$-	2015–2030
-	-	-	-	-
Development Loans	\$2,300,000	-	\$2,300,000	2015–2030
-	-	-	-	-
Administrative and Professional Costs	\$500,000	-	\$500,000	2015–2030
TOTAL PROJECT COSTS	\$2,800,000	\$-	\$2,800,000	2015–2030
Finance Costs	\$785,000	-	-	2015–2030

First Amendment to the Project Plan Budget (2017 Project Plan and Boundary Amendment)

TID #46 – First Amendment (2017)	Proposed TIF Funded Non-Assessable Cost	Assessable/ Non-Project Costs	Total	Time Frame
Total Public Improvements	\$-	\$-	\$-	2017 – 2030
Development Loans *	\$1,737,000		\$1,737,000	2017 – 2030
Illumina Loan	\$1,890,000		\$1,890,000	2017 – 2030
Exact Sciences Loan	\$3,400,000		\$3,400,000	2017 – 2030
Administrative and Professional Costs	\$500,000		\$500,000	2017 – 2030
TOTAL PROJECT COSTS	\$7,527,000	\$-	\$7,527,000	2017 – 2030
Finance Costs (Financing costs for entire project plan)	\$2,069,000		\$2,069,000	2017 – 2030

*Development Loans reflects the Development Loans from the original Project Plan of \$2,300,000 plus the balance of the funds generated by the Illumina project, less those funds allocated for the loans to Illumina and Exact Sciences and Administrative Costs.

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

Second Amendment to the Project Plan Budget (2018 Project Plan Amendment)
Revised and restated TID #46 Project Plan Budget

TID #46 – Second Project Plan Amendment (2018)	Proposed TIF Funded Non-Assessable Cost	Assessable/ Non-Project Costs	Total	Time Frame
Total Public Improvements	\$0	\$0	\$0	2018- 2030
				2018- 2030
Illumina Loan	\$1,890,000	\$0	\$1,890,000	2018- 2030
Exact Sciences Loan (Phase 1)	\$2,500,000*	\$0	\$2,500,000	2018- 2030
University Research Park (Exact Sciences Loan Phase 2)	\$2,600,000*	\$0	\$2,600,000	2018- 2030
Exact Sciences Loan (Phase 3)	\$2,086,000	\$0	\$2,086,000	2018- 2030
Administrative and Professional Costs	\$500,000	\$0	\$500,000	2018- 2030
TOTAL PROJECT COSTS	\$9,576,000	\$-	\$9,576,000	2018- 2030
Finance Costs (Financing costs for entire project plan)	\$2,633,000		\$2,633,000	2018- 2030

*NOTE: The Exact Sciences Phase 1 and Phase 2 loans were made under the previously authorized expenditure limit of the TID #46 project plan. They are stated in this Second Project Plan Amendment to TID #46 to ensure all expenditures in TID #46 are accurately reported and authorized.

Third Amendment to the Project Plan Budget (2021 Project Plan and Boundary Amendment)
Revised and restated TID #46 Project Plan Budget

TID #46 – Third Project Plan Amendment and Second Boundary Amendment	Proposed TIF Funded Non-Assessable Cost	Assessable/ Non-Project Costs	Total	Time Frame
Total Public Improvements	\$20,605,000	\$ -	\$20,605,000	2021 - 2030
2021 Development Loans	\$7,000,000 ¹ 2,556,000	\$0	\$7,000,000 2,556,000	2021 - 2030
Administrative and Professional Costs	\$500,000	\$0	\$500,000	2021 - 2030
Subtotal Second Project Plan and Boundary Amendment (2021)	\$28,105,000 23,661,000	\$0	\$28,105,000 23,661,000	2021 - 2030
ORIGINAL PROJECT PLAN, FIRST AND SECOND PROJECT PLAN AMENDMENT COSTS	\$37,681,000 33,237,000	\$ 0	\$37,681,000 33,237,000	2021 - 2030
Finance Costs (Financing costs for entire project plan)*	\$10,391,000	\$0	\$10,391,000	2021 - 2030

**The 2021 Third Project Plan and Second Boundary Amendment includes an additional \$7,728,000 of financing costs, in addition to the previously included \$2,663,000 financing costs.*

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

¹ \$4,444,000 eliminated as part of 2025 Project Plan and Boundary Amendment. Funds re-allocated to other projects.
 Department of Planning and Community and Economic Development
 Economic Development Division

Fourth Amendment to the Project Plan Budget (2025 Project Plan Amendment)
Revised and restated TID #46 Project Plan Budget

TID #46 – Fourth Project Plan Amendment	Proposed TIF Funded Non-Assessable Cost	Assessable/ Non-Project Costs	Total	Time Frame
Total Public Improvements	\$9,132,000	\$ -	\$9,132,000	2025 - 2030
2025 Development Loans				
Mandel (Element Collective)	\$930,000	\$0	\$930,000	2025 - 2030
Westgate Phase 2	\$344,000	\$0	\$344,000	2025 - 2030
6101 Mineral Point Road (Stone House)	\$1,000,000	\$0	\$1,000,000	2025 - 2030
Grant to CDA (to invest in Mandel / Element Collective project)	\$4,365,000	\$0	\$4,365,000	2025 - 2030
Small Business Assistance	\$750,000	\$0	\$750,000	2025 - 2030
Subtotal Fourth Project Plan (2025)	\$16,521,000	\$0	\$16,521,000	2025 - 2030
ORIGINAL PROJECT PLAN, FIRST, SECOND, THIRD, AND FOURTH PROJECT PLAN AMENDMENT COSTS	\$49,758,000	\$ 0	\$49,758,000	2025 - 2030
Finance Costs (Financing costs for entire project plan)*	\$10,391,000	\$0	\$10,391,000	2021 - 2030

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 **\$49,758,000** of project costs.

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

Through the end of 2024, TID 46 generated an estimated \$34.7 million of incremental revenues. Based upon the City's TIF run, TID 46 will generate an additional \$94.2 million of incremental revenue through its expiration date of 2035. The net present value of these incremental revenues is \$63 million. **This would lead to a total forecasted incremental revenue over the entire life of TID 46 of \$129 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 20-year life is estimated at **\$750,707,682**. 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 2028.

Without any additional projects generating new incremental value, the estimated incremental value in 2028 is \$616 million. The 2024 incremental value is approximately \$10.4 million. However, the City may propose future amendments to the TID 46 project plan to fund additional development or infrastructure projects, or to continue to invest in South Madison in advance of the Town of Madison's dissolution.

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 \$49,758,000.

The total amount of assessable costs not to be paid for with TIF funds is \$0.

The total amount of costs to be paid for with TIF funds is \$49,758,000.

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 46 is **\$286,649,600**. 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 2024 mill rate.

<u>Tax Jurisdiction</u>	<u>2025 Mill Rate</u>	<u>Share of Tax Levy</u>
City	7.3	37%
County	2.38	12%
MMSD	9.25	47%
MATC	0.64	3%
State of WI	<u>0.0</u>	<u>0%</u>
Totals*	19.57**	100%*

Source: City of Madison 2025 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 \$750 million. The benefits of these potential projects are sharing new equalized value growth, infrastructure improvements, and job creation / retention to benefit those in the district and throughout the City of Madison.

TID 46’s base value of \$286,649,600 is anticipated to grow by \$750 million at the end of the 27-year life of the TID. Assuming that the City incurs all of the \$49.7 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 46 may close in 2028. The average life of a TID in the City of Madison is 12 years. The estimated incremental value of the TID in 2028 when the TID is forecasted to be closed is estimated to be \$616 million (*Note: variations are due to rounding*).

TID 46 is a “mixed-use” 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.

None (\$0) of the proposed \$49.7 million of project costs are assessable. Without tax increment revenue, such improvements 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.

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 2028 as projected, it is estimated that approximately \$616 million of incremental value would return to the overlying taxing jurisdictions. At 20 years, the District would return approximately \$750 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 46 would not occur. The infrastructure and other improvements will continue to boost values within and adjacent to TID 46.

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, tax base growth and job creation / retention are the most significant and quantifiable benefit to overlying tax jurisdictions from the investment of TIF funds. In particular, investments in South Madison

Without TIF, overlying tax jurisdictions would share approximately \$5.6 million of tax revenues for the tax parcels included in TID 46, based on the base value of \$286,649,600. As stated earlier, the incremental value in 2028 at the end of the projected life of the TID is estimated at \$616 million. Theoretically, if the City invested all \$49.7 million of project costs in the district, which investment would leverage over \$750 million; or \$1 of TIF leverages approximately \$15 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 \$14.6 million, or a net gain of approximately \$9 million as a result of TIF.

In turn, the anticipated tax increments over the life of the district are estimated to support \$49.7 million of public investment. This investment will further enhance the area, increase values in and around the District, and in South Madison, and help create new, family supporting jobs.