



G R E A T E R M A D I S O N
C H A M B E R O F C O M M E R C E

December 3, 2008

To: Madison's Economic Development Commission's TIF Policy Subcommittee
From: Delora Newton, Executive Vice President, Greater Madison Chamber of Commerce
Re: Madison TIF Objectives and Policies Report

The Greater Madison Chamber of Commerce supports amendments to the TIF Objectives and Policies Report as recommended by EDC's TIF Policy Subcommittee at their November 3 meeting.

GMCC's interest in TIF policy relates to Madison's recently adopted Economic Development Plan. That document promotes the *"revision of TIF policies to give priority to basic sector projects generating quality jobs and positive fiscal impact and to those in which the City faces substantial external competition."*

The Subcommittee's recommendations support that goal statement and are consistent with the EDC's role in viewing pending legislation from an economic development viewpoint.

In addition, GMCC supports Mayor Cieslewicz in his desire to create a simple, streamlined TIF policy.

Key reasons why GMCC supports these amendments:

- Elimination of qualifier that jobs created in TIDs offer an "identifiable career ladder."
 - While this is a laudable goal, it will greatly limit the types of jobs which can be created. i.e. – Small companies will not be in a position to offer promotional opportunities. In addition, not all jobs available will be career-track oriented.
- Elimination of job creation guarantees for Industrial TID projects
 - GMCC certainly understands the city's responsibility to protect taxpayer dollars; however, this provision is not the best way to accomplish the goal. The city's Economic Development Plan specifically mentions that TIF policies should recognize the substantial external competition for jobs. The City should rely on the established review process it already has for approving a TIF project. The Plan Commission, Board of Estimates and

the full Common Council review all such requests. They already have the power to deny a TIF project they believe will not deliver on commitments....including discussions about the number and quality of jobs created. Madison's neighboring communities do not require job guarantees. Madison will be competitively disadvantaged if it makes this requirement.

- Elimination of the equity kicker
 - This requirement also places Madison at a competitive disadvantage to attract jobs or other desirable development. Developers assume the risk of profit or loss on the project. The city would never reimburse the developer if the project lost money or made less than the developer anticipated. In fact, the developer has to also guarantee valuation growth, further protecting the city from loss. Yet the city expects the developer to pay the city 60% of any profit earned above initial projections. Madison's municipal neighbors do not require an equity kicker.

In conclusion, TIF is the primary economic development tool available to municipalities in Wisconsin. Madison should adopt a balanced TIF policy which protects taxpayer's interests while encouraging sound economic growth. The GMCC encourages the EDC to adopt the TIF Subcommittee recommendations and enhance Madison's ability to compete for job creation and economic development growth.