

MEMORANDUM

TO: City of Madison Joint Review Board

FROM: Joe Gromacki, TIF Coordinator and Dan Rolfs, Community Development Project Manager

DATE: August 17, 2017

SUBJECT: 2017 Joint Review Board Annual Report

In 2016, the State of Wisconsin passed Act 257, requiring all municipalities to submit an annual report for each existing Tax Increment District (TID) to the overlying taxing jurisdictions. This cover memo provides a brief overview of the annual report. There are multiple attachments to this annual report. They include:

- Preliminary TID Value changes – This report is provided by the State of Wisconsin Department of Revenue (DOR). This report outlines the preliminary value changes for each TID. Note that these reports are provided based upon school district boundaries, so there are separate reports for some TIDs that cross school district boundaries.
- TIF 12% test – This report is provided by the DOR. It provides preliminary values for each TID, and notes where the City is in relation to the 12% test (note: a municipality may only have a maximum of 12% of its equalized value within all of its TIDs). In 2017, the City of Madison has approximately 4.64% of its total equalized value within TIDs.
- Values and Increments – This report is generated by the City of Madison's Finance Department. It identifies the preliminary incremental values for each active TID and the estimated incremental revenue for each TID.
- Audits – By TIF Law, the City of Madison is required to conduct an annual audit of each TID. Staff has attached the audits for each active TID in the City of Madison. These audits provide an in depth look at the financial status of each TID.

TID Closures

In addition to these attachments, overlying taxing jurisdictions should be aware of several recent and future TID closures.

TID #40 – The City of Madison closed TID #40 in early 2017. As noted in the Values and Increments attachment, TID #40 did not generate any incremental value over its life. This was due to the Great Recession of 2007-2009 and the closure of the Oscar Meyer plant.

TID #27, TID #32, and TID #43 – These three TIDs will close in 2018. The City of Madison has extended the life of each of these TIDs to allow the City to collect incremental revenue for one year for the purposes of funding affordable housing. These three TIDs will then close in early 2018, and return to the tax rolls of all overlying jurisdictions. As of 2017, these TIDs have the following estimated incremental values:

| TID # | 2017 Estimated TID Incremental Value |
|--------------|--------------------------------------|
| TID 27 | \$21,909,800 |
| TID 32 | \$546,742,800 |
| TID 43 | <u>\$40,631,900</u> |
| Total | \$609,284,500 |

In 2019, this value, plus any additional value that is generated in 2018, will be returned to the tax rolls, and all overlying jurisdictions will be able to apply their levy to this new value.