

Summary Report to the City of Madison Finance Committee

Tax Incremental District (TID) No 39 (Stoughton Rd), City of Madison - Use of 1/2 Mile Rule (Small Cap TIF Loans) -

In 2020, the City of Madison proposes to fund a Small Cap TIF program that would be available to growing businesses within a half mile of TID 39 (see attached map for program area). The City of Madison will work with Madison Development Corporation (MDC) to administer this program. The program will lend up to \$250,000 to qualifying businesses for the purpose of purchasing real estate, financing real estate improvements or for purchasing capital machinery and equipment. The program is further described in the appendix to this Summary Report.

City Staff will request the Joint Review Board authorize the use of the so called "1/2 Mile Rule" authorized in TIF Statute to allow TID 39 to fund this project which is located within 1/2 mile of TID 39.

TID 39 continues to show positive cash flow. TID 39 is paying its outstanding debts and is in the process donating \$1,700,000 of positive tax increments to TID #42, as allowed under State Statute. This proposed donation is under consideration by the City of Madison Common Council and the Joint Review Board (JRB).

City Staff estimate that if current conditions continue, TID 39 will have sufficient revenues to pay for this project and all remaining project costs by 2020, remain open one additional year to fund affordable housing (as allowed under TIF Law), and close in 2021. However, should economic conditions allow, the City intends to return to the JRB in each subsequent year, for the next four years, to request additional incremental revenue be donated from TID 39 to TID 42. These additional requests for donations of incremental revenue would affect this estimated closure date.

