



Legislation Text

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Fiscal Note

TIF Law requires that, when a municipality recovers all costs incurred within a district, the district must be dissolved and any excess increment apportioned among the overlying tax jurisdictions. TID #14 will have accrued excess increment totaling approximately \$1,548,000, including \$1,446,000 of increment received in 2007.

Bond covenants for the outstanding Block 90 lease revenue bond issue commit TIF increment as a backstop to the lease payments from the developers that are intended to repay the bonds. If the developers (Urban Land Interests and Mullins partnerships) would fail to make the remaining scheduled payments on these variable rate bonds, the City would be responsible for ensuring that those payments are made. The remaining payments (totaling an estimated \$950,000 to \$1,000,000) are scheduled for October 2007 and 2008.

Therefore, when TIF District #14 is closed and a final audit is completed, \$548,000 of the total excess increment of \$1,548,000 will be apportioned among the overlying tax jurisdictions. The remaining \$1,000,000 will be held in reserve until the developers satisfy their last two debt payment obligations. After these payments are made late in 2007 and 2008, the remaining excess increment will be distributed proportionately. When all distributions have been completed, the City's share of excess increment will total approximately \$526,000 and will be deposited in the General Fund. The remaining \$1,022,000 will be distributed to Dane County, Madison Area Technical College and the Madison Metropolitan School District.

Title

Dissolving Tax Incremental District (TID) #14 (Capitol Square North).

Body

PREAMBLE

On July 23, 1985, the Madison Common Council adopted Resolution 41,519 I.D. No. 4485-14 creating Tax Incremental District (TID)#14 (Capitol Square North) through a corridor East Mifflin, East Dayton, East Johnson and the 0-100 Block of East Gorham, bounded Henry Street to Butler Street (map attached). A project plan was prepared, identifying various types of public improvements and private development that could be undertaken in the TID. The City did undertake public improvement projects including the Wisconsin Avenue reconstruction between Mifflin and Dayton Streets and various landscaping, curb, gutter and sidewalk replacement throughout the District. TIF was also provided as a financial backstop for a \$1,350,000 lease revenue bond for The Emporium Building land, followed by a \$5,600,000 lease revenue bond to the Block 90 office/parking ramp development at 2 West Dayton Street in (what was at that time) an underutilized area of the Capitol Square. The Block 90 lease revenue bond was later refunded in the amount of \$2,360,000, also incorporating the TIF financial backstop. A portion of this refunding issue remains outstanding.

Several instrumental projects revitalized the area within the TID #14 boundaries, starting with the Manchester Place developments and later, the Block 90 office project at 2 West Dayton (Urban Land Interests/Mullins). In addition, TIF assistance was provided to several projects including 315 and 321 Wisconsin Avenue (Sieger), 21-25 E. Gorham (Garfoot) and 44 on the Square (ULI).

The TID #14 Project Plan was amended four times, the first two times to change the amounts of expenditures or increment estimates, as permitted under TIF Law. The third and fourth project plan amendments pertained specifically to the designation of TID #14 (with TID #6) as a "donor" TID. In 1995, the City utilized a change in TIF Law to designate TID #14 and TID #6 as "donor districts", wherein excess increment could be donated from #6 and #14 to designated TIDs, in this case TIDs #15, #21, #22 and #25. Such donor TIDs were allowed an initial five-year period to transfer excess increment with the option of a second five-year period. The third amendment (or first five-year "donor-recipient" plan) was adopted on August 6, 1996. The fourth plan amendment (or second five-year donor-recipient plan) was adopted on August 1, 2000.

The City of Madison has now recovered its costs in TID #14 through the increased taxes generated by new development.

State Statute requires that when a municipality recovers its cost within the statutory life of the district, the district shall be dissolved.

The Tax Increment Base Value in TID #14 as of January 1, 1985 was \$38,737,250. The current equalized value as of January 1, 2006 is \$109,226,900, representing a property value growth of \$70,489,650. The project costs, including excess increments donated to recipient districts totaling \$12,187,811 have been recovered in 23 years.

NOW, THEREFORE BE IT RESOLVED THAT Tax Incremental District #14 (Capitol Square North) is hereby dissolved.