



Office of the City Administrator

To: Mayor Welch, Common Council Members
From: Al Hulick, City Administrator
Date: July 19, 2016
Subject: Discussion and Possible Action Adopting Resolution 2016-22 Approving the Project Plan and Boundaries for the Creation of Tax Incremental Finance District Number 9 (Resolution 2016-22)

Summary

The City Administration is recommending the creation of Tax Incremental Finance District Number 9 in the City's east side Crossroads Business Park. TIF 9 is being created to encompass the vacant land that has development potential that is currently located within TIF 6 on the east side of STH 26. As TIF 6 begins to near the end of its useful life, the creation of TIF 9 would allow the City to remain competitive within the region when offering potential development incentives within the industrial park.

Background

By State Law, municipalities are not allowed to make expenditures from a TIF within the final 5 years of the Project Plan. This is commonly referred to as the "expenditure period." The TIF 6 expenditure period officially expires in 2021. Therefore, TIF 6 only has 5 years left to make expenditures, which could be problematic when attempting to negotiate a deal for new development in TIF 6 because the City would not be able to offer the "full" 10-year assessment that has become customary in Wisconsin.

Therefore, the creation of TIF 9 would "reset the clock" in terms of expenditure periods and incentive packages. This will keep Milton competitive in the economic development market for its vacant industrial land.

Additionally, the creation of TIF 9 will help ensure the closure of TIF 6 at its earliest possible date. State Law requires that each TIF District be closed at the end of its useful life (20 years) or when the Project Plan has been completed; whichever comes first. In the case of TIF 6, the City will not be able to "complete" the Project Plan, but we will be able to finalize as much of it as possible within the expenditure period, pay off the remaining debt service, and close the TIF before the end of its 20 year life. Because TIF 9 only includes the vacant land within TIF 6, all development that has occurred within TIF 6 will then return to the tax roles at the time of closure to be shared amongst the overlying taxing jurisdictions proportionately.



Recommendation

The City Administration, Joint Board of Review, and Community Development Authority recommend the City Council approve Resolution 2016-22 approving the Project Plan and establishing the boundaries for Tax Incremental Finance District Number 9.