



**Testimony on Assembly Bill 301
Assembly Committee on Ways and Means
Wednesday, October 16, 2019**

Hello, and thank you Chairman Macco and members of the Assembly Committee on Ways and Means for allowing me to have the opportunity to share my testimony with you today regarding Assembly Bill 301, which would extend the life and expenditure period for Tax Incremental District (TID) #2 in the Village of Kronenwetter. Joining me today is Randy Fifrick, the Community Development Director for the Village of Kronenwetter.

TID #2 in the Village of Kronenwetter was created in November 2004 and with a maximum life of 20 years, is scheduled to end in November 2024.

This bill would increase the maximum life of this TID from 20 to 25 years, the expenditure period from 15 to 20 years, and the tax increment allocation period from 20 to 25 years. Under current law, Kronenwetter won't be able to make expenditures for project costs in the TID within five years of the termination of the TID. That deadline is approaching this year, which makes this bill particularly time-sensitive for the village.

Randy is here to talk more about community benefits of extending this TID, as he's worked hard on and is very knowledgeable about this issue.

Thank you again for allowing me the opportunity to share testimony in support of this bill, and I'll turn it over to Randy before we take any questions you might have.

ASSEMBLY BILL 301

SENATE BILL 268



Issue:

The expenditure period for Village of Kronenwetter Tax Increment District #2 (TID #2) will end in November of 2019 and the Village is still trying to actively develop the area.

Background:

TID #2 is a mixed used district that was created in 2004 and amended several times since. Located in the southwestern portion of the Village, the district is adjacent to Interstate 39 and provides the only direct access to the Village from Interstate 39 at Maple Ridge Road (Exit 181).

The history of TID #2 has seen many ups and downs. In the early years, after the water, sewer and roadway improvements were installed, development was happening at a steady pace. New single family homes and a multi-family apartment complex were constructed adding 15 million dollars of assessed value to the District by 2010. Eventually the effects of the recession caught up with the private Developer and the Village was forced to put in a draw on the letter of credit held by the Developer's financial institution. After a disagreement on the terms of the Development Agreement the Village brought litigation against the financial institution.

Due to this litigation, as well as the struggles felt by the housing market caused by the recession, the District had very limited activity until May of 2014 when the Village won the lawsuit. In August of 2015, the Village purchased 40 single family home lots and six industrial lots from the financial institution. *This created an almost 6 year window in TID #2's timeline that saw limited to no activity.*

Since taking over the development, the Village has sold off all of the single family home lots to private developers and have seen construction on 98% of the homes. The Village also recruited and worked with private developers to bring in a 106-unit and a 40-unit multi-family project to the District over the past two year that will bring in a total of over \$15 million dollars in assessed value.

With the residential portion of the development complete, the Village has moved on to the industrial and commercial portion of this project. Thankfully, the success of the residential portion has provided the TID with the revenue required to make the necessary improvements to attract industrial and commercial to this area of the Village. *The TID has several infrastructure project remaining in the Project Plan, however based on statutory requirements TID #2 cannot expend any additional investment after 15 years from its creation, which happens to be November 2019.*

Ask:

Pass Assembly Bill 301 that would lengthen the time during which tax increment may be allocated, expenditures for project costs may be made, and extending the maximum life for TID #2 in the Village of Kronenwetter.

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