



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

Memo No. 3

TO: MEMBERS OF THE STUDY COMMITTEE ON REVIEW OF TAX INCREMENTAL FINANCING

FROM: Melissa Schmidt, Senior Staff Attorney

RE: Municipalities Limited by TIF's 12% Rule and the Center on Wisconsin Strategy's Report on Efficient and Strategic TIF Use

DATE: September 3, 2014

At the August 7, 2014 meeting of the Study Committee on Review of Tax Incremental Financing (TIF), the committee discussed the impact that the 12% rule had on a city or village's (municipality) ability to create a new tax incremental financing district (TID). Under the 12% rule, a municipality may only create a new TID if the equalized value of taxable property of the TID, plus the value increment of all existing TIDs does not exceed 12% of the total equalized value of taxable property within the municipality. [s. 66.1105 (4) (gm) 4. c., Stats.] Information as to which municipalities are currently limited in their ability to create a new TID by the 12% rule was requested. The Department of Revenue (DOR) prepares annual equalized value reports that provide this information. DOR's TIF Value Report for 2014 is available at the following website: <http://www.revenue.wi.gov/equ/2014/TID304.pdf>.

Also at the August 7, 2014, the committee discussed and requested a copy of the Center on Wisconsin Strategy's (COWS) report entitled, *Efficient and Strategic TIF Use: A Guide for Wisconsin Municipalities*, (December, 2006). The report includes recommendations for how cities and villages can more effectively utilize TIF. This report is available at: http://www.cows.org/_data/documents/1071.pdf.

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