



Tax Incremental Finance (TIF)

Wisconsin Government Finance Officers
Winter Conference | November 30, 2017



Presenters

Scott Shields

Director
Technical & Assessment Services

Kristin Filipiak

Community Services Specialist
Technical & Assessment Services

Stacy Leitner

Community Services Specialist
Technical & Assessment Services

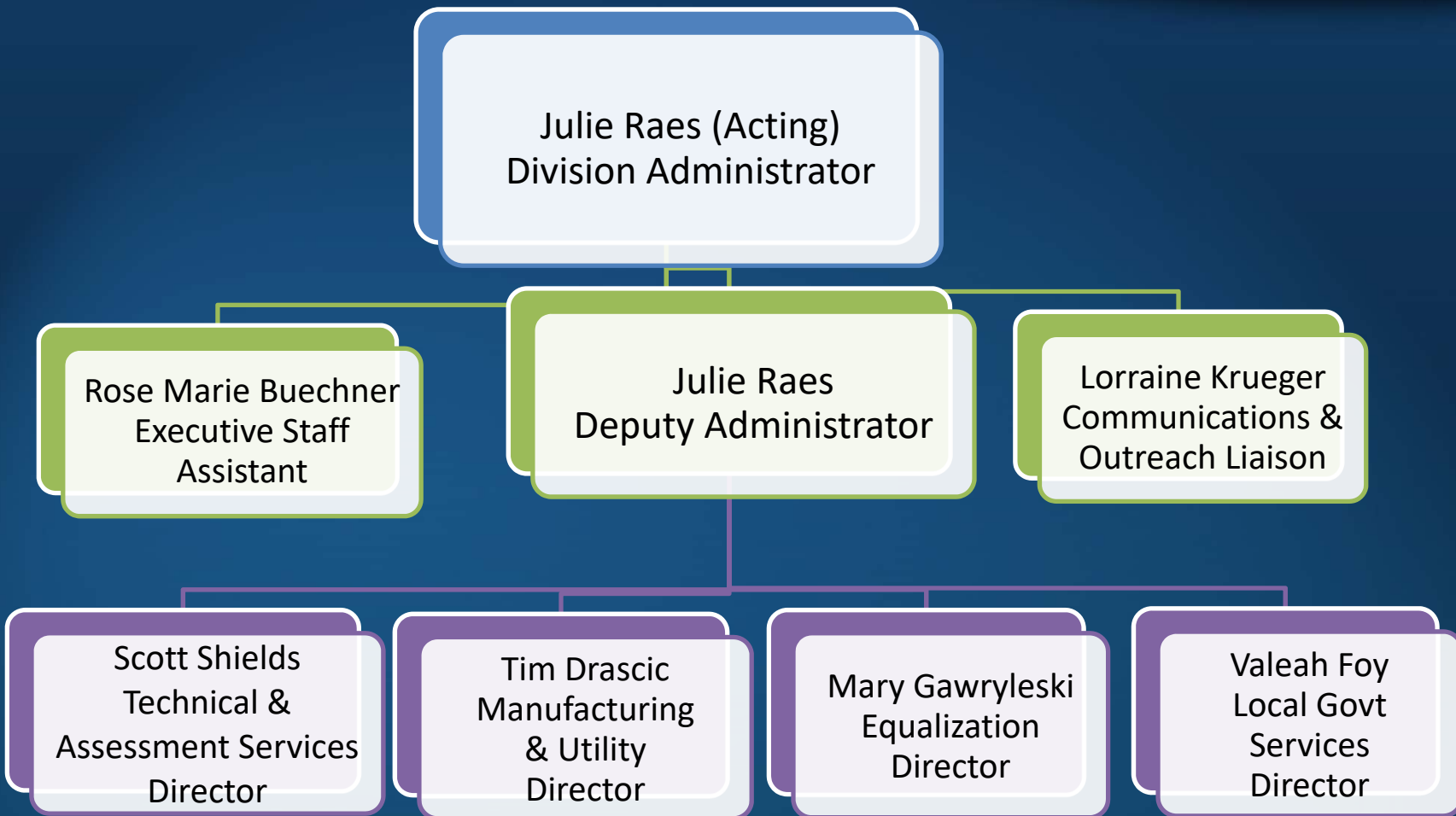


Topics of Discussion

- General updates and law changes
- TIF Information and law changes
- TID Annual Report
- Resources
- Your questions



General Updates and Law Changes



Calendar

- March - April 15 – pay \$150 administrative fee to certify TID
- March – TID creation and territory amendment reports posted
- April 15 – TID termination deadline
- May – Active and terminated TID reports posted
- June – Town, Village, City Tax Bulletin posted
- Second Monday in June – reports due to DOR
 - Statement of Assessment (SOA), Exempt Computer Report (ECR), Municipal Assessment Report (MAR), TID Assessment Report (TAR)
- July 1 – TID Annual Report due

Calendar *(cont.)*

- August 1 – preliminary Equalized Values posted
- August 15 – final Equalized Value reports posted
- August 31 – amended Exempt Computer Reports due
- September 1 – Muni/School/Tech/Special Certification reports posted
- October 1 – deadline for chargeback requests
- October 10 – start of equated manufacturing assessment rolls and final SOA posting on DOR website



Calendar *(cont.)*

- October 31 – New TID creation, territory, and redetermination amendment applications due
- November 1 – preliminary assessment compliance
- November 15 – DOR certifies chargebacks
- December 1 through Third Monday in December – Tax Increment Worksheet due
- Additional information – revenue.wi.gov/DORReports/tvccal.pdf



Form and Application Update Process

- Changes collected through July 31
 - Public comments
 - Assessor requests
 - Law changes
 - Court cases – published appellate court and supreme court decisions
 - General updates and clarification
- Potential exceptions to July 31 – law change, court case

2017 Act 17 – DOR Technical Changes

Property Assessment and Property Tax portions:

- Assessment roll language modernization
 - Effective June 23, 2017
 - Updates terminology for electronic assessment roll
- Charge-back law changes
 - Effective January 1, 2018
 - \$250 or more per property, any prior five assessment years
 - Exception – rescissions/refunds due to court determination must be submitted to DOR within one year of court determination

2017 Act 17 – DOR Tech Changes *(cont.)*

Property Assessment and Property Tax portions:

- Reduction of paper Managed Forest Land (MFL) to DOR
 - Effective June 23, 2017
 - Reduces the number of paper copies of MFL orders the Wisconsin Department of Natural Resources sends to DOR to one

State Budget

- Page 593 – TID laws specific for C MKE and V Kimberly
- Page 596 to 597 – exemption changes / creations
 - College - 150 acres, founded before 1/1/1900; enrollment at least 5,000
 - Religious – church property with destroyed building, plans to construct
 - Bible camp – acreage increase
 - Computers – not required to file personal property form for exemption
 - Machinery – exempt for 2018, 2017 taxes determine 2019 aid payment
- Page 695 – computer aid payment calculation
 - 2018 payment based upon 2017 multiplied by 1.0147
 - 2019 payment equal to 2018 multiplied by one plus inflation factor
 - 2020 and after payment equal to 2019



TIF Information and Law Changes

Tax Incremental Districts (TIDs)

- 2,052 TIDs created since 1976
- 822 TIDs terminated since 1976
- Average life = 14.5 years
- June 1, 2017: 1,238 Active TIDs in 425 municipalities
 - 307 mixed-use
 - 295 blight
 - 149 rehab/conservation
 - 10 legislative exceptions
 - 301 industrial
 - 156 pre-1995
 - 16 environmental
 - 4 town



TIF Website

- Online Services
- TIF Law
- Forms/Information
- Reports
- Resources
- Manuals/Publications
- Common Questions
- Common Forms

Tax Incremental Financing (TIF) Information

Recent News

- Department of Revenue Employment Opportunity
- TIF Certification Reports posted
- You're Invited -- Small Business Summit on September 26 in Rothschild
- 2017 Final Equalized Values Posted
- Preliminary Equalized Values Deadline Today
- Department of Revenue Employment Opportunity
- Preliminary Equalized Values Posted
- 2017 Statement of Assessment (SOA) Non-Filers
- 2018 WPAM Draft - Announcement
- Notification of Wisconsin Supreme Court Decision

More Assessor News ...
More Municipal & County
Official News...

**Sign up for
email updates**

Calendar

Online Services

- [TID Annual Report \(PE-300\)](#)
- [TID Assessment Report \(TAR\) | \[Instructions\]\(#\)](#)
- TID Certification (PE-209) - *Available March 2018*
- TID Final Accounting Report (PE-110)
- TIF Fee Payment - *My Tax Account*

TIF Law

- Recent Law Changes
- TIF Law
 - 60.23 (Town)
 - 60.85 (Town)
 - 66.1105 (City/Village)
 - 66.1106 (Environmental)

Forms/Information

Creation

- Municipal
- Multijurisdictional
- Environmental Remediation
- Town (created under sec. 60.85, Wis. Stats.)

Reports

- [Active TIDs](#)
- [Amendments](#)
- Annual Reports
- [Certification Report](#)
- [Creations](#)
- [Distressed TIDs](#)
- TIF Value Limitation
- [Terminations](#)
- Statement of Changes
- More...

Resources

- [Dates/Requirements](#)
- [TIF Criteria Matrix](#)
- [Allocation Fact Sheet](#)
- [TID Extension Types](#)
- TIF Public Notices
- Sign up for TIF News

Manuals/Publications

- TIF Manual
- [Joint Review Board Information](#)
- [Intergovernmental / Private Partnership](#)
- [Common Language Guidelines for Project Plans](#)

Common Questions

- Audits and Annual Report
- Allocation Amendments
- Annexations
- Base Value Redetermination
- Creation
- Developer's Agreement
- General
- Joint Review Board (JRB)
- Municipal Expenditures and Debt
- Municipal-Owned Property
- Overlaps
- Parcels
- Project Costs
- Project Plan
- Public Notices
- Tax Increments - How are They Paid?
- Terminations
- Territory Amendments
- Town TIDs created under sec. 60.23, Wis. Stats.
- Value Limit Test
- What to Consider before Creating a TID

Search Common Questions

Common Forms

- [PE-223](#)
- [PE-605](#)
- [PE-605A](#)
- [Pe-605T](#)



Joint Review Board (JRB)

- JRB – representatives from overlying taxing districts (municipality, county, schools) and public member
- When TID created, municipality must provide the JRB:
 - TID type and expected life
 - Location of the TID – boundary map
 - Purpose of the TID – project plan
 - Tax increment dollars needed
 - Specific projects and costs
 - Future benefits to property owners/community



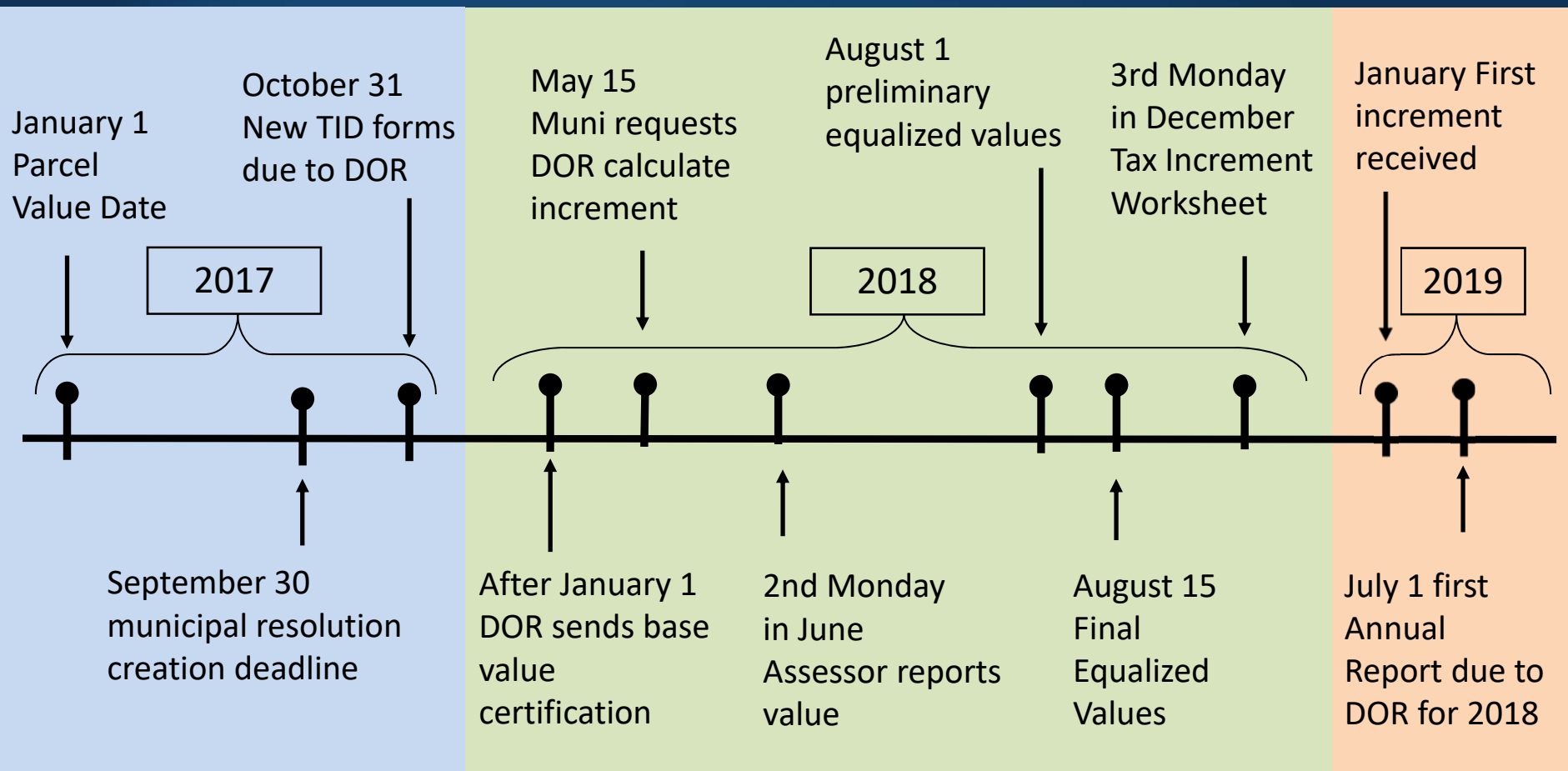
JRB – Decision Criteria

1. Development occur without use of TIF?
2. Economics measured sufficient?
3. Benefits of proposal outweigh tax increments?

2017 Creation Timeframes

- Municipal resolution adopted Oct 1, 2016 - Sept 30, 2017
- Base Value uses January 1, 2017 parcel values
- Certification by DOR in early 2018
- TID number coded to the 2018 tax roll parcels
- First revenue from 2018 tax bills payable in 2019
- First annual report due to DOR July 1, 2019 (2018 data)

2017 Creation Timeframes (cont.)



Amendments

- Territory Amendment – add and/or subtract parcels
 - Only four allowed for the life of the TID
 - \$1,000 DOR fee per amendment
 - Documents and fee due to DOR by October 31
- Project Plan or Allocation Amendment
 - No limit on number of project plan or allocation amendments
 - No DOR fee
 - Documents due to DOR by December 31

TID Audits

- Three audits required during TID life
- Must be completed by a CPA within 12 months of:
 1. When first 30 percent of project costs are spent
 2. When the expenditure period ends (five years before maximum life)
 3. When the TID terminates
- Audits ensure financial transactions are "legal and made in a proper manner" and follow the project plan
- DOR does not review expenses or decide if they are appropriate

Extensions

- Kinds of extensions
 1. Standard – three or four years, JRB resolution
 2. Technical college – three years, TIDs older than October 1, 2014, JRB resolution
 3. Affordable housing – one year, municipal resolution
- Review TID type – only certain TIDs qualify
- Standard or technical college extensions
 - Review TID payment schedule
 - Allows additional time to pay on existing debt
 - Does not change expenditure period



2018 Termination Timeframes

- Municipal resolution adopted May 16, 2017 - April 15, 2018
- TID Number is removed from 2018 tax roll parcels
- Last revenue received in 2018 for 2017 taxes
- Last year to pay TID administrative fee to DOR is 2017
- Last equalized value established was August 15, 2017
- Last annual report due to DOR July 1, 2018 (2017 data)
- PE-110 – online form due within 1 year of adopted municipal termination resolution

Program Improvements

Effective 2018:

- Termination document change
 - Only Final Accounting Report (PE-110) online filing required to DOR
 - Final audit must still be completed
 - Keep a copy in municipal files
 - No need to email to DOR
- TID Certification Form (PE-209 form) eliminated
 - Pay the \$150 administrative fee for any active TID
 - DOR will then calculate the increment

2016 TIF Law Changes

- Joint Review Board
 - TID review period changed from 30 to 45 days
 - Must remain standing until all existing TIDs terminate
- TID creations
 - Adds one year to TIDs created between September 30 and May 15
 - Removed restriction on percent of vacant property
 - Excludes city-owned property from the base value
 - BUT existing law includes Municipal-owned property values in the base if the property was purchased less than a year before the municipal resolution

2016 TIF Law Changes *(cont.)*

- Amendments (territory, allocation, project plan)
 - Changes Planning Commission notice from Class 2 to Class 1
- Existing TIDs
 - Three-year extension for impact by 2013 Act 145 that increased state aid to technical colleges
 - Does not change the expenditure period
 - Allows more time to pay off incurred debt
 - Any TID created under 66.1105, Wis. Stats. with resolution adopted before October 1, 2014
 - TID Annual Report required – file with DOR by July 1 and meet with JRB to review

2017 Act 15 – Tax Incremental Finance

Termination and Administrative fee deadline change:

- Effective July 1, 2018
- Changes deadline for TID terminations from May 15 to April 15
 - Example 1 – if termination resolution is adopted from May 16, 2017 to April 15, 2018, termination is 2018, TID is removed from 2018 tax roll
 - Example 2 – if termination resolution is adopted from April 16, 2018 to April 15, 2019, termination is 2019, TID is removed from 2019 tax roll
- Changes deadline for administrative fee (\$150 per active TID) from May 15 to April 15

2017 Act 15 – TIF (cont.)

TID Annual Report changes:

- Effective January 1, 2018 (for 2017 reporting year)
- Sets maximum penalty of \$6,000 for reports not filed timely
 - Penalty for late filing remains \$100 per TID per day (applied beginning 60 days after report is past due)
- DOR reduces shared revenue payments for any unpaid penalty
- Removes extra 30-day extension when estimated report is filed

2017 Act 58

Electronics and Info Tech MFG Zone

TID portions:

- Mixed use and Industrial types
- 30-year life (instead of 20)
- 12 percent limit does not apply
- Payments for eligible costs throughout county



TID Annual Report

TID Annual Report (PE-300)

- Submission to DOR – first year complete
- 2017 TID Annual Report available on DOR website from February - November 1, 2018
- Municipalities with active TIDs created before October 1, 2016 must file
- Municipalities must provide a copy to JRB and meet to review
- Due date – July 1 annually
- All submitted reports are posted to DOR website

2016 TID Annual Reports Overview

- 439 municipalities filed 1,188 TID annual reports
- 85 TIDs may terminate before mandatory termination date
- No municipality received a penalty
- Number of TIDs with Beginning Fiscal Balance
 - Positive or zero: 620
 - Negative: 568
- Number of TIDs with Ending Fiscal Balance
 - Positive or zero: 627
 - Negative: 561



TID Annual Report Sections

- Beginning Fiscal Balance
- Expenditures
- Revenue
- Ending Fiscal Balance
- Future ~~Project~~ Costs (*Amended category*)
- **Future Revenue** (*Added category*)
- Surplus or Deficit

TID Annual Report Submission

Extension/Grace Period/Penalty:

- ~~Submit estimate before July 3, 2017 for 30-day Extension (due date becomes August 2, 2017)~~
(Law removed extension option)
- 60-day grace period allowed after due date
- No report submitted after grace period, penalty is \$100 per day per TID
- Filing period ends November 1



TID Annual Report Emails

Reminders and Notification:

- **Email notification** – to municipalities with an active TID when form is available for the year (starting in February)
- **Email reminders** – start 30 days before due date (June) to municipalities that did not file
- **Additional emails** – municipalities that did not file by due date when penalties begin

TID Annual Report JRB Review

Joint Review Board Meeting:

- Notify each standing JRB representative before meeting
- Publish a notice five days before meeting
- Annual Report must be available on request and at meeting
- Physical location for municipality to welcome public
- JRB members may participate via teleconference
- Keep a record of the meeting



TID Annual Report Questions

- **Will DOR audit the report?**
 - No. You are responsible for the data.
- **Who answers questions from the public about the report posted on DOR's website?**
 - The "Contact Person" specified in the report
- **If we hire someone to complete the report, can this expense be paid out of TIF revenue?**
 - Yes. This falls under "professional services" listed in the TIF law.

TID Annual Report Questions *(cont.)*

- **How do we know if the TID is expected to terminate early?**
 - If costs are paid down faster than originally scheduled
- **Why does the report ask for a TID Name?**
 - This is an unofficial name or description. For multiple TIDs, this name is more useful than just a TID number.
- **Where do I put a transfer to/from another TID?**
 - Answer "Yes" to the question "Does this TID allocate funds to/from another TID?," select the TID number from dropdown, enter amount



TID Annual Report Questions

- **How do I know what the "future costs" or "future revenues" will be?**
 - Check the most recent cash flow analysis and/or project plan
- **How long can I amend the report?**
 - Through November 1 each year
- **Where do I find prior year TID annual reports?**
 - 2016 reports – available on DOR website
 - 2015 reports or before – only available locally



Resources

Law Changes – Links

- Act 15 – Tax Incremental Finance
 - docs.legis.wisconsin.gov/2017/related/acts/15.pdf
- Act 17 – DOR Technical Changes
 - docs.legis.wisconsin.gov/2017/related/acts/17.pdf
- Act 58 – Electronics and Info Tech MFG Zone
 - docs.legis.wisconsin.gov/2017/related/acts/58
- Act 59 – State Budget
 - docs.legis.wisconsin.gov/2017/related/acts/59
- Acts on State Legislature website
 - docs.legis.wisconsin.gov/2017/related/acts

Subscriptions

- Stay Informed!
- Receive email updates about law changes, filing reminders, updated reports and notifications
- Subscribe at: revenue.wi.gov/Pages/Governments/home.aspx
 - Click "Sign up for email updates" and select from the "Available Lists"
 - Administrative Rules
 - Municipal Treasurers
 - TID/TIF

Internet, Videos, Calendar

- DOR website – revenue.wi.gov
- TIF website – revenue.wi.gov/Pages/SLF/tif.aspx
- Videos – revenue.wi.gov/Pages/VideoCenter/videos-home.aspx
 - Select the "Govt" tab on the right-hand side
 - Examples: My Tax Account, eRETR, assessment topics (ex: frac sand, use-value)
- DOR calendar – revenue.wi.gov/DORReports/tvccal.pdf



Publications, Reports, Common Questions

- Publications – revenue.wi.gov/Pages/HTML/pubs.aspx
- Reports – revenue.wi.gov/Pages/Report/Home.aspx
- Common questions – revenue.wi.gov/Pages/FAQS/home-pt.aspx



Contact Information

- TIF – tif@Wisconsin.gov
- Local Government Services – lgs@Wisconsin.gov
- Technical Assistance – otas@Wisconsin.gov



Questions
