Thursday, November 21, 2019
864 Collins Road, Room 12, Jefferson, WI 53549

JEFFERSON COUNTY ECONOMIC DEVELOPMENT CONSORTIUM (JCEDC) BOARD AGENDA

Board Members

Matt Trebatoski - City of Fort Atkinson, Steve Wilke – City of Lake Mills, Timothy Freitag – City of Jefferson, Mo Hansen – City of Waterloo, Emily McFarland – City of Watertown, Cameron Clapper – City of Whitewater, Lisa Moen – Village of Cambridge, Kyle Ellefson - Village of Johnson Creek, Jim Mode – Jefferson County Supervisor, Dick Jones – Jefferson County Supervisor, Amy Rinard – Jefferson County Supervisor, Rebecca Glewen – City of Beaver Dam

I. Call to Order –

II. Roll Call (Establish a quorum)

III. Certification of Compliance with Open Meeting Laws

IV. Approval of November 21, 2019 Agenda

V. Approval of Minutes – September 29, 2019

VI. Public Comment - Members of the Public who wish to address the JCEDC on specific agenda items must register their request at this time.

VII. JCEDC Reports
   A. Finance Report
   B. Discussion and possible action on JCEDC 2020 Budget

VIII. General Orders
   A. Directors Report
      - Opportunity Pipeline Update
      - Discussion on the 2020 Plan of Work
   B. Broadband Initiative Update – A. Rinard
   C. Upcoming Meetings/Seminars
      - December 19, 2019 Education Session – **Development Ready Sites**
      - JOINT BOARD MEETING: JCEDC & ThriveED – **January 23, 2020**

IX. Adjournment

A quorum of any Jefferson County Committee, Board, Commission or other body, including the Jefferson County Board of Supervisors, may be present at this meeting.

Individuals requiring special accommodations for attendance at the meeting should contact the County Administrator 24 hours prior to the meeting at 920-674-7101 so appropriate arrangements can be made.

Jefferson County Economic Development Consortium
Board of Directors Meeting
September 29, 2019

Board members –Matt Trebatoski-City of Fort Atkinson, Steve Wilke – City of Lake Mills, Timothy Freitag – City of Jefferson, Mo Hansen City of Waterloo, Emily McFarland – City of Watertown, Cameron Capper – City of Whitewater, Rebecca Glewen – City of Beaver Dam, Lisa Moen- Village of Cambridge, Kyle Ellefson – Village of Johnson Creek, Jim Mode – Jefferson County Supervisor, Richard Jones – Jefferson County Supervisor, Amy Rinard – Jefferson County Supervisor

I. Call to Order - Meeting called to order by Chairman Trebatoski at 8:30 am.

II. Roll Call – Quorum Established

JCEDC Board Members Present: Matt Trebatoski-City of Fort Atkinson, Steve Wilke-City of Lake Mills , Cameron Clapper-City of Whitewater, Rebecca Glewen-City of Beave Dam, Kyle Ellefson-Village of Johnson Creek, Jim Mode-County Supervisor, Dick Jones-County Supervisor

Absent: Tim Freitag-City of Jefferson, Mo Hansen-City of Waterloo, Emily McFarland-City of Watertown, Lisa Moen-Village of Cambridge, Amy Rinard-County Supervisor,

Staff Present: Victoria Pratt-JCEDC Executive Director, Steve Jenkins- Business Development Consultant, Julie Olver-Marketing Manager, RoxAnne Witte-Program Specialist

Members of the Public Present: Jim Falco-Madison College, Richard Dykstra-Youth Apprentice Jefferson County School to Career, Heather Jozwowski-Youth Apprentice Jefferson County School to Career, Cyndy Sandberg – Jefferson County School to Career, Ann Hyra – WEDC, Frankie Fuller

III. Certification of compliance with Open Meeting Law Requirements
Staff certified compliance for the agenda dated September 26, 2019.

IV. Approval of Agenda
Mode/Jones moved to approve September 26, 2019 JCEDC agenda as printed. Motion passed.

V. Approval of Minutes
Wilke/Mode moved to approve August 22, 2019 JCEDC minutes as printed. Motion passed.

VI. Public Comments
None

VII. JCEDC Reports

A. **Approval of Finance Report**
Mode/Wilke moved to approve August 31, 2019 JCEDC finance reports as presented. Motion passed.

VIII. Education Session
Matt Kirchner, LAB Midwest, LLC gave a presentation on Attracting & Growing Talent/Tomorrow's Workforce.

IX. General Orders

A. **New Business/Future Agenda Items**
B. **Upcoming Meetings/Seminars**
    - ThriveED Annual Meeting – October 8, 2019, 7:30 am, Watertown County Club
    - JCEDC Board of Directors – October 24, 2019, 8:30 am
    - JCEDC Board of Directors – November 21, 2019, 8:30 am
    - JCEDC Board of Directors – December 19, 2019, 8:30 am

X. Adjournment
There being no further business for consideration, motion by Clapper/Wilke to adjourn. Motion passed.
Meeting adjourned at 8:44 am.

Minutes prepared by:

RoxAnne L. Witte,
Program Specialist
Jefferson County Economic Development Consortium

Jefferson County Economic Development Consortium

October 31, 2019

Revenue	Sept 30, 2019 Actual	Oct 31, 2019 Estimates	Year to Date	2019 Amended Budget	
JCEDC GHDP Service fees	-		67,500.00	135,000.00	50%
V-Cambridge	-	-	149.80	149.80	100%
V-Johnson Creek	-	-	4,160.00	4,160.80	100%
C-Fort Atkinson	-	-	17,372.60	17,372.60	100%
C-Jefferson	-	-	11,354.00	11,354.00	100%
C-Lake Mills	-	-	8,521.80	8,521.80	100%
C-Waterloo	-	-	4,610.20	4,610.20	100%
C-Watertown	-	-	33,916.40	33,916.40	100%
C-Whitewater	-	-	4,107.60	4,107.60	100%
Jefferson County	-		118,896.40	118,896.40	100%
Dodge County	-	-	85,000.00	85,000.00	100%
Dodge County - Amended Contract	-	-	24,961.75	24,961.75	100%
Total	**$ -**	**$ -**	**$ 380,550.55**	**$ 448,051.35**	**85%**

Expenditures	Sept 31, 2019 Actual	Oct 31, 2019 Estimates	Year to Date	2019 Amended Budget	
Personnel	22,095.99	21,165.60	224,390.62	270,962.00	83%
Professional Services	3,434.81	-	10,716.28	70,000.00	15%
Web Page Development	500.00	-	2,000.00	2,125.00	94%
Office Expense	550.27	378.59	7,793.77	16,488.00	47%
Membership	280.00	-	1,415.00	1,600.00	88%
Professional Development	325.00	799.00	7,142.63	7,350.00	97%
Meeting Expenses	-	-	75.20	2,000.00	4%
Training Materials	315.00	-	522.99	1,350.00	39%
Subscriptions	594.96	745.90	3,069.35	2,401.00	128%
Internet/Phones/Mis	835.75	957.62	8,789.38	11,486.00	77%
Other Operating	-	-	-	1,000.00	0%
Travel Related	178.78	725.00	4,324.54	5,020.00	86%
Other Insurance	205.64	205.64	1,342.88	1,040.00	129%
Railroad Consortium	-	-	14,000.00	14,000.00	100%
Operating Reserve	-	-	-	-	
Total	**$ 29,316.20**	**$ 24,977.35**	**$ 285,582.64**	**$ 406,822.00**	**70%**

SUMMARY

October 31, 2019

	Sept 30, 2019	Oct 31, 2019 Estimates	Year to Date	2019 Amended Budget
Revenues				
Income	$ -	$ -	$ 380,550.55	$ 448,051.35
Carryover*			$ 109,625.05	-
Total	**$ -**	**$ -**	**$ 490,175.60**	**$ 448,051.35**
Expenses				
	$ 29,316.20	**$ 24,977.35**	**$ 285,582.64**	**$ 406,822.00**

Jefferson County Economic Development Consortium

October 31, 2019

Breakdown By Goals

	Sept 30, 2019 Actual	Oct 31, 2019 Estimates	Year to Date	2019 Amended Budget	
Goal 1					
Personnel	5,255.89	4,839.44	52,238.55	64,754.37	81%
Professional Services	1,202.18	-	3,750.70	24,500.00	15%
Web Page Development	175.00	-	700.00	743.75	94%
Office Expense	192.59	132.51	2727.85	5,770.80	47%
Membership	98.00	-	495.25	560.00	88%
Professional Development	113.75	279.65	2,499.93	2,572.50	97%
Meeting Expenses	-	-	26.32	700.00	4%
Training Materials	110.25	-	183.05	472.50	39%
Subscriptions	208.24	261.07	1074.28	840.35	128%
Internet/Phones/Mis	292.51	335.17	3076.28	4,020.10	77%
Other Operating	-	-	-	350.00	0%
Travel Related	28.88	236.25	1244.54	1,757.00	71%
Other Insurance	71.97	71.97	470.00	364.00	129%
Railroad Consortium	-	-	4,900.00	4,900.00	100%
Operating Reserve	-	-	-	-	
Total	**$ 7,749.27**	**$ 6,156.06**	**$ 73,386.75**	**$ 112,305.37**	**65%**

Goal 2		Sept 30, 2019 Actual	Oct 31 2019 Estimates	Year to Date	2019 Amended Budget	
	Personnel	5,255.89	4,839.44	52,238.24	64,754.37	81%
	Professional Services	1,202.18	-	3,750.70	24,500.00	15%
	Web Page Development	175.00	-	700.00	743.75	94%
	Office Expense	192.59	132.51	2727.85	5,770.80	47%
	Membership	98.00	-	495.25	560.00	88%
	Professional Development	113.75	279.65	2,499.93	2,572.50	97%
	Meeting Expenses	-	-	26.32	700.00	4%
	Training Materials	110.25	-	183.05	472.50	39%
	Subscriptions	208.24	261.07	1074.28	840.35	128%
	Internet/Phones/Mis	292.51	335.17	3076.30	4,020.10	77%
	Other Operating	-	-	-	350.00	0%
	Travel Related	28.88	236.25	1244.54	1,757.00	71%
	Other Insurance	71.97	71.97	470.00	364.00	129%
	Railroad Consortium	-	-	4,900.00	4,900.00	100%
	Operating Reserve	-	-	-	-	
	Total	**$ 7,749.27**	**$ 6,156.06**	**$ 73,386.46**	**$ 112,305.37**	**65%**

Goal 3		Sept 30, 2019 Actual	Oct 31, 2019 Estimates	Year to Date	2019 Amended Budget	
	Personnel	11,584.20	11,486.71	119,913.66	141,453.26	**85%**
	Professional Services	1,030.44	-	3,214.87	21,000.00	**15%**
	Web Page Development	150.00	-	600.00	637.50	**94%**
	Office Expense	165.08	113.58	2338.15	4,946.40	**47%**
	Membership	84.00	-	424.50	480.00	**88%**
	Professional Development	97.50	239.70	2,142.79	2,205.00	**97%**
	Meeting Expenses	-	-	22.56	600.00	**4%**
	Training Materials	94.50	-	156.90	405.00	**39%**
	Subscriptions	178.49	223.77	920.82	720.30	**128%**
	Internet/Phones/Mis	250.73	287.29	2636.84	3,445.80	**77%**
	Other Operating	-	-	-	300.00	**0%**
	Travel Related	121.03	252.50	1835.49	1,506.00	**122%**
	Other Insurance	61.69	61.69	402.88	312.00	**129%**
	Railroad Consortium	-	-	4,200.00	4,200.00	**100%**
	Operating Reserve	-	-	-	-	
		$ 13,817.66	**$ 12,665.24**	**$ 138,809.45**	**$ 182,211.26**	**76%**

SUMMARY

October 31, 2019

	Sept 30, 2019 Actual	Oct 31, 2019 Estimates	Year to Date	2019 Amended Budget
Revenues				
Income			$ 380,550.55	$ 448,051.35
Carryover*			$109,625.05	-
Total			**$ 490,175.60**	**$ 448,051.35**
Expenses				
Goal 1	$ 7,749.27	$ 6,156.06	$ 73,386.75	$ 112,305.37
Goal 2	$ 7,749.27	$ 6,156.06	$ 73,386.46	$ 112,305.37
Goal 3	$ 13,817.66	$ 12,665.24	$ 138,809.45	$ 182,211.26
			$ -	
Totals	**$ 29,316.20**	**$ 24,977.35**	**$ 285,582.66**	**$ 406,822.00**

*Beginning Carryover 1/1/2019	$ 143,345.69
Vested Benefits 1/1/2019	(33,720.64)
	$ 109,625.05

Jefferson County Economic Development Consortium
Home Buyer Program
October 31, 2019

Income	Sept 30, 2019 Actual	Oct 31, 2019 Estimates	Year to Date	Budget	
V- Cambridge	-	-	10.70	10.70	100%
V-Johnson Creek	-	-	297.20	297.20	100%
C- Fort Atkinson	-	-	1,240.90	1,240.90	100%
C-Jefferson	-	-	811.00	811.00	100%
C-Lake Mills	-	-	608.70	608.70	100%
C-Waterloo	-	-	329.30	329.30	100%
C-Watertown	-	-	2,422.60	2,422.60	100%
C-Whitewater	-	-	293.40	293.40	100%
Jefferson County	-		8,492.60	8,492.60	100%
DPP Home Buyer Program	1,800.00	900.00	7,300.00	10,000.00	236%
DPA Home Buyer Program	650.00	7,150.00	16,250.00		
Additional HBC Inc. Contract Restricted	-	-	28,620.56	-	-
Applied Operating Reserve	-	-	-	28,694.00	0%
TOTALS	**$ 2,450.00**	**$ 8,050.00**	**$ 66,676.96**	**$ 53,200.40**	

Expenses					
Personnel	2,857.65	2,857.65	28,190.24	36,628.00	77%
Web Page Development	-	-	114.00	125.00	91%
Office Expense	112.65	89.15	909.04	3,680.40	25%
Membership	-	-	-	200.00	0%
Professional Development	-	50.00	428.00	3,600.00	12%
Training Materials	291.51	-	1,069.01	3,150.00	34%
Subscriptions	3.00	3.00	694.97	799.00	87%
Internet/Phones/Mis	269.24	269.25	2,629.71	3,828.00	69%
Travel Related	38.28	-	234.02	844.00	28%
Other Insurance	(3.52)	(3.52)	158.96	346.00	46%
Recording Fees	-	870.00	900.00	-	-
Operating Reserve	-	-	-	-	
TOTALS	**$ 3,568.81**	**$ 4,135.53**	**$ 35,327.95**	**$ 53,200.40**	**66%**

Wisconsin REALTORS® Association

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
WISCONSIN CHAPTER

Tax Increment Financing:

An Analysis of Wisconsin's Most Important Economic Development Tool

Executive Summary

In the United States over the past two decades, the use of Tax Increment Financing (TIF) has shifted from blight elimination to deployment for broader economic development purposes. Wisconsin has been a national leader in using the TIF tool to attract investment and jobs to our cities, counties and state by having originally created the program to address blight, rehab and industrial development and subsequently adding mixed uses as well.

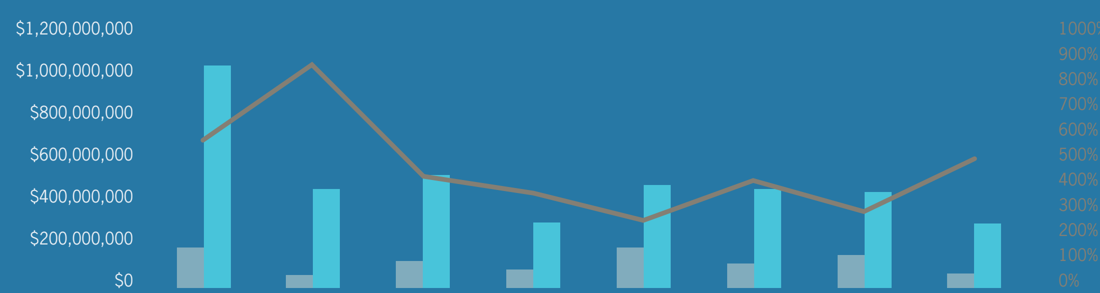
TIF is a tool that allows Wisconsin municipalities to work collaboratively with the state's economic developers to grow the state's economy. Wisconsin is fortunate to have powerful economic development programs offered by the Wisconsin Economic Development Corporation such as the flagship program, the Business Development Tax Credit. While successful economic development initiatives across the state often pair the Business Development Tax Credit with TIF, it is important to note that if TIF were unavailable there would be $370 million less of available funding for economic development. If this gap were funded by the State of Wisconsin this would constitute more than a 400% increase in funding over the levels currently committed to economic development by the state ($74 million in 2017).

A comparison of Wisconsin's TIF statutes to other states coupled with an understanding of the practical use of TIF in Wisconsin through case studies, reveals that TIF in Wisconsin is on the competitive end of mainstream public policy. Maintaining and enhancing the flexibility currently afforded under the state TIF statute will allow Wisconsin to compete for investment and jobs regionally, nationally, and internationally.

Key Findings

- For every $1 of investment within a Wisconsin TIF district, an average of $4.66 of additional tax base is created.
- Without TIF the State would face a gap 4.9 times larger than state funding currently available for local economic development projects.
- Between 2009 and 2016, TIF districts that closed had been open for, on average, 16.37 years, which is 4 to 11 years shorter than the maximum allowed by law.
- Wisconsin has been a leader in the national shift of TIF use from blight removal to uses for broader economic development purposes.
- Maintaining and enhancing the flexibility currently afforded under the state TIF statute will allow Wisconsin to compete for investment and jobs regionally, nationally, and internationally.

TIF District ROI
TIF District Total Investment vs. Incremental Value Created



	2009	2010	2011	2012	2013	2014	2015	2016
Total TIF District Investment Cost	182,188,702	52,280,443	120,293,179	82,419,099	183,592,217	111,410,124	149,346,039	59,020,618
Total Increment Created	1,047,970,000	456,316,350	522,774,250	302,386,150	484,715,850	464,282,000	446,592,600	293,860,900
Increment Created to Total Investment Cost %	575%	873%	435%	367%	264%	417%	299%	498%

Year of TIF District Closure

**Source: Department of Revenue and compiled by Ehlers.*

"TIF for Wisconsin is the great equalizer. We don't have many of the incentive programs that other states do, but we have a more flexible TIF program that allows us to bridge the gaps in competition to be able to attract and retain business."

— Michael C. Harrigan, Ehlers & Associates

About Tax Increment Financing

While TIF's national origins are in blight elimination and urban renewal, the tool has evolved in many states, including Wisconsin, an instrumental tool for economic developers to attract jobs to their communities, regions and states. As TIF has become more prominently used as an economic development tool across the country it is prudent for Wisconsin to review the ability for our economic developers to use the tool to attract jobs and investment as compared to other states. This report seeks to provide this review including the economic impacts of TIF across the state and in select Wisconsin communities, comparison of Wisconsin's TIF statute to other states in the country, as well as review of the actual and recent site selection examples where Wisconsin and other states were being considered.

Overview of the TIF Mechanism

The Wisconsin Legislature adopted TIF enabling legislation in 1975 to create a financial tool for municipalities to promote tax base expansion, economic development, job growth, tourism, industrial development, and urban renewal. The TIF mechanism allows the costs associated with economic development within a defined geographic area (the Tax Incremental District or TID) to be funded with the increased, or incremental, property tax revenue resulting from the increased property values within the TID.

When the creation of a new TID is proposed, the municipality and other taxing entities create a Joint Review Board to approve the creation of the TID and in doing so determine that, "but for" the public investment afforded by TID expenditures, sufficient development or improvements would not occur. The Joint Review Board's voting members include the host municipality, county, and school district.

Once created, eligible TID costs (the investment in the district) are paid from property tax revenue generated by increased tax base within the district, referred to as the increment. The increment is the difference in property tax revenue from the base year, or the year the district was created, through the life of the TID. TIF is not a tax cut nor a tax increase, but an allocation method for incremental property taxes collected within the district.

The state statutes outline the maximum life of a TID, how much of a community's value can be in TIDs, reporting requirements for TIDs, the process for creating a TID, and what costs are eligible to be reimbursed or paid out. When creating a TID its purpose must be designated. Wisconsin statutes currently allow for blight remediation, conservation or rehabilitation, industrial, mixed-use, town, and environmental remediation. Figure 1 shows the types of TIDs, which types of jurisdictions can utilize them, and their maximum allowable life.

Figure 1: TIF Limits in Wisconsin

District Type (Purpose)	Available to:			Max Life
	City or Village	Town	County	
Blight Elimination	✓			27 Years
Conservation or Rehabilitation	✓			27 Years
Industrial	✓			20 Years
Mixed Use	✓			20 Years
Town		✓		Exp. Period + 11 years (16 years Max)*
Environmental Remediation	✓	✓	✓	23 Years

**Town TID: Towns with more than $500,000,000 in equalized assessed value, a population greater than 3,500, and that do or will provide sewer service are allowed to create TIDs in the same manner as cities and villages.*

**Source: WI Department of Revenue*

Economic Impacts of TIF in Wisconsin

In an effort to estimate job creation within Wisconsin's TIDs, information has been gathered from seven TIDs across the state regarding investments made and job creation over the life of each district. Using the project-specific information provided, Emsi economic modeling software was used to estimate direct jobs and induced jobs created from the investment (see appendix for definitions of direct and induced jobs). Emsi uses national and regional industry information to model the ripple effects caused by projects, allowing an estimate to be made of broader economic impacts to a local economy.

The seven districts analyzed all experienced increment and job growth over the life of the district, as shown in Figure 2. The direct job creation ranged from a few hundred to a few thousand, illustrating that significant growth occurred within each of the TIDs. As direct jobs increase so too does the state income tax. Each TID contributes at least $1,000,000 in additional state income taxes annually, with some contributing substantially more, providing net benefits to the state beyond additional property tax revenue.

Figure 2: Job Creation by TID

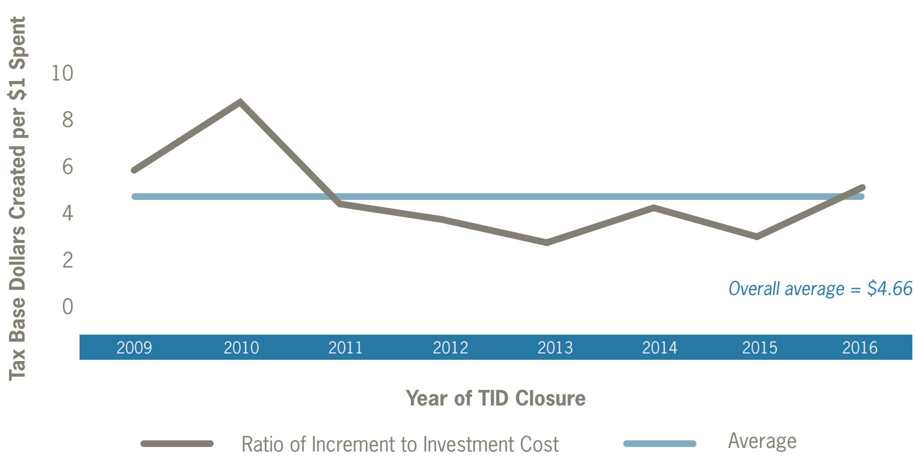
Municipality and District	Base Year	Maximum Life/ Closure Date	Total Increment Created	Direct Jobs Created	Induced Jobs Created	Annual Income Taxes on Direct Jobs
City of Chilton TID #2	1992	2019	$35,625,500	421	27	$1,254,436
Village of Little Chute TID #2	1996	2016	$25,291,300	1120	14	$4,078,953
Village of Oostburg TID #1	1999	2022	$17,254,000	363	7	$1,473,575
City of Oshkosh TID #7	1989	2016	$143,994,100	3969	697	$12,576,685
City of Plymouth TID #5	2008	2028	$9,805,600	873	81	$4,628,482
City of West Allis TID #7	2004	2031	$49,115,100	2300	3257	$13,716,255
City of West Bend TID #6	1999	2031	$21,716,600	459	11	$1,068,646

**Source: TID data collected from municipalities*

Return on Investment of TIF Dollars

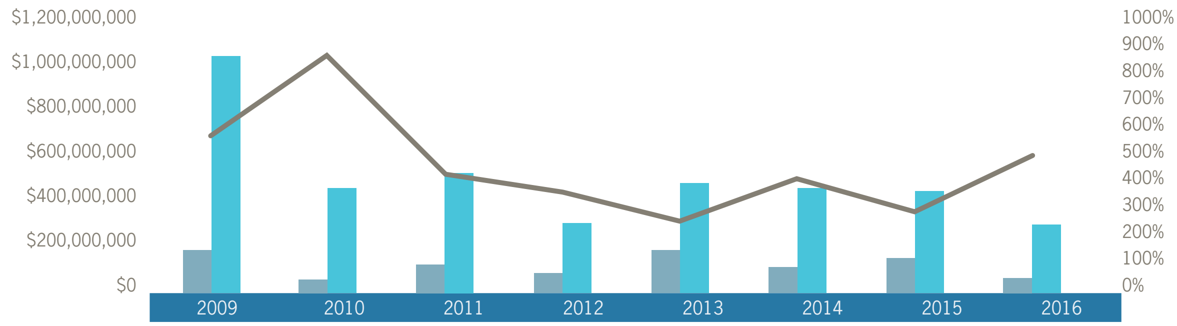
By its statutory definition, TIF is a mechanism to promote development that *would not have happened as proposed* "but for" the investment of TIF funds. Therefore, an understanding of performance history as measured by the return on investment of TIF dollars is important. Ehlers & Associates, a leading municipal advisor used by over 300 communities in Wisconsin, has reviewed filings required by the Department of Revenue to analyze the return-on-investment (ROI) of TIDs in Wisconsin. Their findings, as shown in Figure 3, show that from 2009 to 2016, every $1 spent by a TID in Wisconsin resulted in creation of an average of $4.66 in new tax base.

Figure 3: Return per $1 Invested of Increment Created to Total TID Investment



**Source: Ehlers & Associates*

Figure 4: TID ROI
TID Total Investment vs. Incremental Value Created



	2009	2010	2011	2012	2013	2014	2015	2016
Total TID Investment Cost	182,188,702	52,280,443	120,293,179	82,419,099	183,592,217	111,410,124	149,346,039	59,020,618
Total Increment Created	1,047,970,000	456,316,350	522,774,250	302,386,150	484,715,850	464,282,000	446,592,600	293,860,900
Increment Created to Total Investment Cost %	575%	873%	435%	367%	264%	417%	299%	498%

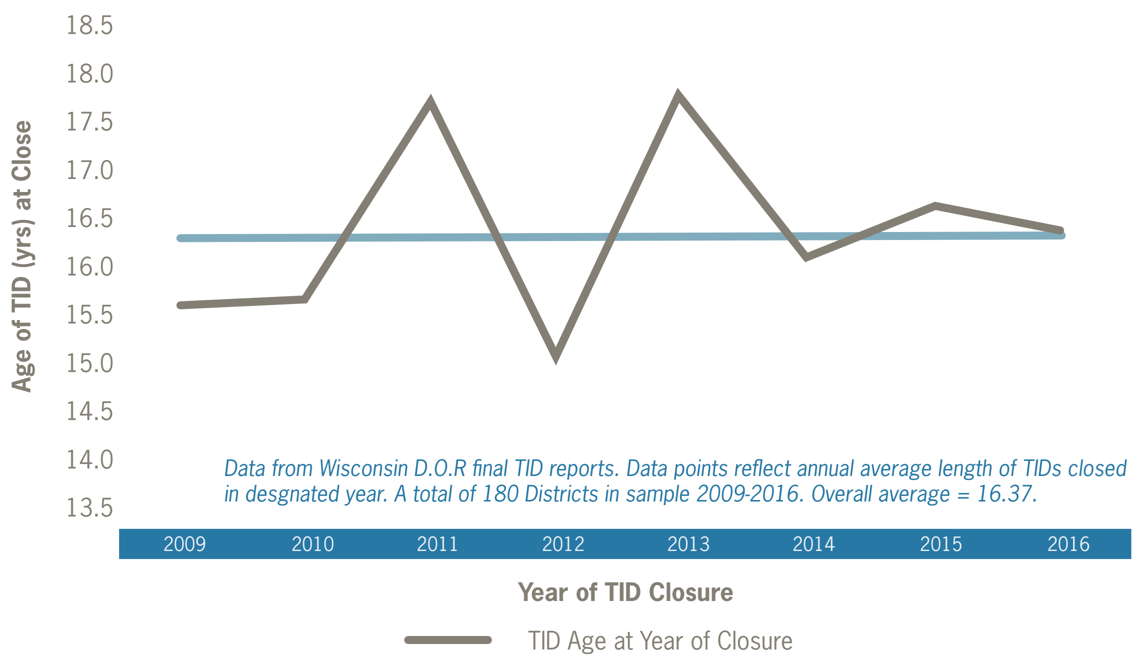
Year of TID Closure

*Source: Department of Revenue and compiled by Ehlers.

Average Life Span of TIF Districts

By state statutes TIF districts can remain open between 20 and 27 years. A review and analysis by Ehlers & Associates, found that TIF districts that closed between 2009 and 2016 had been open for an average of 16.37 years, which is 4 to 11 years shorter than the maximum allowed by law. While the statute allows for longer lengths, in practice many districts are closing much sooner, allowing the additional tax revenue flow into the taxing jurisdictions earlier than anticipated.

Figure 5: Life Span of TIDs Prior to Closure



*Source: Department of Revenue and compiled by Ehlers.

Economic Development Programs in Wisconsin

The State of Wisconsin has developed economic development programs to attract and retain jobs and investment in the state. The leading agency for economic development in Wisconsin, the Wisconsin Economic Development Corporation's (WEDC) mission is "to advance and maximize opportunities in Wisconsin for businesses, communities and people to thrive in a globally competitive environment." WEDC provides expertise, technical assistance, grants, and tax credits for communities and businesses statewide. One of their most impactful programs is the Business Development Tax Credit. In fiscal year 2017, the Business Development Tax Credit was allocated $22 million in funding, a large portion of the $74.6 million funding for all economic development programs at the state level.

While the state economic development programs have proven to be necessary and impactful, TIF remains the largest and most highly utilized and effective tool for economic development. The State of Wisconsin would have to budget an additional $510 million per year to replace the revenue created by TIF. TIF is the most relied upon tool in economic development and without it there would be a gap of over $370,000,000 per year in available funding to support private investments within Wisconsin municipalities.

Figure 6: Economic Development Funding Sources in Wisconsin

Funding Source	Incentive Program	Agency	2017 Funds
Locally Funded	**Tax Incremental Financing**	**Municipalities**	**$370 M (estimated 2017 TIF revenue statewide)**
State Funded	Business Development Tax Credit	WEDC	$22 M
	Workforce Training Grants	WEDC	$1 M
	Community Development Improvement	WEDC	$3 M
	Brownfield Grants	WEDC	$4.5 M
	Idle Sites Redevelopment	WEDC	$2.3 M
	Wisconsin Fast Forward	DWD	$35 M
	Transportation Economic Enhancement	DOT	$6.8 M

**Source: WI Department of Revenue*

Comparison of Local Economic Development Tools

All states allow for local government economic development tools and each allow local governments to structure and utilize them in different ways. Reviewing how other states allow local authorities to use varying tax revenue sources to provide economic development incentives is a valuable way to understand and benchmark Wisconsin's economic development programs. Nationally, local governments have a myriad of ways in which they can provide economic development assistance, including property tax abatement, sales tax incentive, payroll tax incentive, and TIF (primarily through the financing of property taxes). Property tax abatements are used widely across the country and allow municipalities to reduce property taxes for development, typically for a specified time period. Sales tax incentive programs allow municipalities to offer a portion of the sales tax revenue to a project to assist in the financing. This is most important for retail development which generates significant sales tax revenue. A payroll tax incentive is less common nationally and allows municipalities to offer a portion of incremental payroll taxes due to job creation to assist a project. Figure 7 compares Wisconsin to its regional competitors of Illinois, Indiana, Iowa, and Minnesota. As Figure 7 illustrates, Wisconsin's only local tool for economic development is TIF while all of Wisconsin's competitors have more flexibility in what types of tax revenue can be used to offer incentives.

Figure 7: Local Economic Development Tools by State

	Property Tax Abatement	Sales Tax Incentives	Payroll Tax Incentives	TIF (Property Tax)
Illinois	✓	✓		✓
Indiana	✓			✓
Iowa	✓	✓	✓	✓
Minnesota	✓			✓
Wisconsin				✓

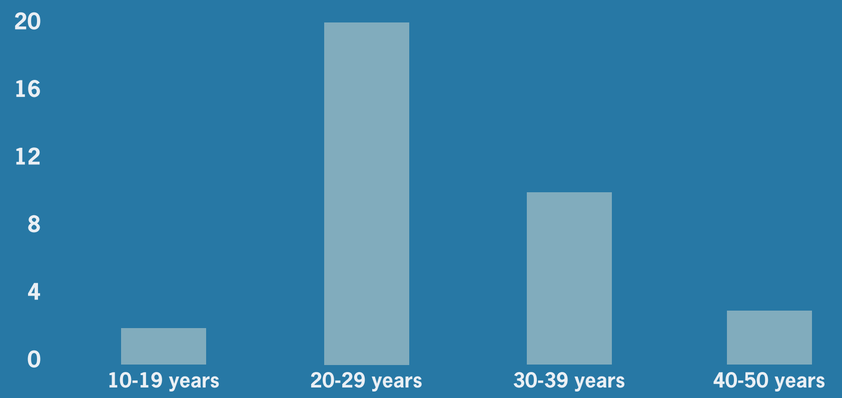
Comparison of TIF Statutes

Businesses operate in a national and often a global marketplace. Supply chains and customers can span the globe, making site selection a critical element to a business success. When economic developers compete to attract business investment and the ensuing job creation that comes with that investment in their jurisdiction, it is prudent to understand what incentives are offered not just by their neighboring states and municipalities, but also to understand the competitive national landscape. In 2015, the Council of Development Finance Agencies reviewed TIF statutes nationally, allowing Wisconsin's TIF statutes to be evaluated on a national scale (Council of Development Finance Agencies, 2015).

Allowable Life Span

The allowable life of a TIF district is critically important for municipalities. If the allowable life of a TIF district is too short, there may be insufficient time to recoup expenditures, and conversely, if the life of a TIF district is too long the impacted taxing jurisdictions may be over-burdened by the many years of revenue investment. Wisconsin allows TIF districts to be open for a maximum of 20 to 27 years, putting Wisconsin in the national mainstream. By comparison, there are 13 states that allow districts length to exceed 29 years.

Figure 8: Maximum Allowable TIF District Life

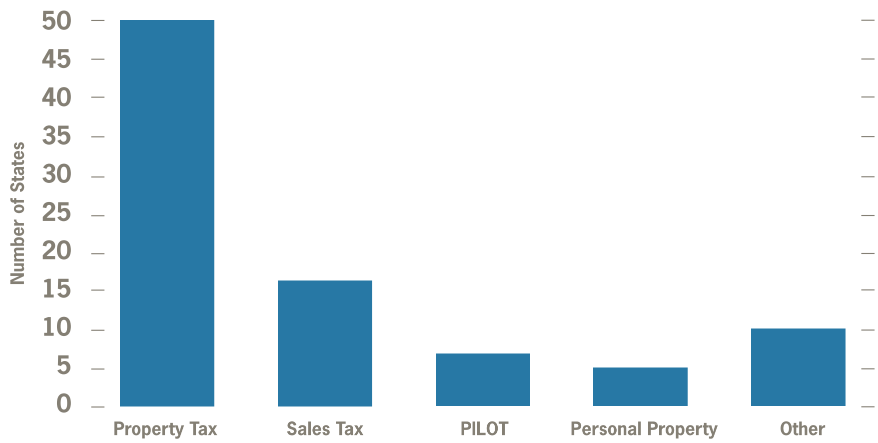


* Source: *Tax Increment Finance State-By-State Report: An Analysis of Trends in State TIF Statutes*. Columbus: Council of Development Finance Agencies

Revenue Sources

TIF is typically a property tax tool but many states allow for other incremental revenue sources to be captured within the districts. These other taxes include sales tax, payments-in-lieu-of-taxes (PILOT), personal property tax, and others. Wisconsin is one of five states that allows personal property tax revenue to be captured by TIDs. While personal property taxes are not captured by districts in most states, many other states allow for some other form of revenue capture in addition to property taxes, for example, Illinois allows sales tax revenues to be captured by TIF districts.

Figure 9: Revenue Sources for TIF Districts



* Source: *Tax Increment Finance State-By-State Report: An Analysis of Trends in State TIF Statutes*. Columbus: Council of Development Finance Agencies

Stories from Site Selectors

Investment decisions highlighting how Wisconsin's TIF tool is used in tandem with state economic development tools to compete with other states

An effective way to demonstrate how TIF is utilized in comparison to other states is to highlight projects where TIF was used, often in tandem with state incentive programs, to compete for investment nationally. The businesses in these real and recent case studies were all evaluating sites in other states, before ultimately choosing to invest in Wisconsin based upon their analysis of financial feasibility and site location.

Story 1: TIF Keeps Wisconsin Competitive

A national manufacturer was considering a $100 million investment to expand production in either Wisconsin or Arizona that would create 300 manufacturing jobs. The Wisconsin municipality offered TIF assistance of $3.25 million, while the Arizona municipality was not able to offer a TIF incentive. Arizona is the only state in the country that does not have TIF enabling legislation, severely hampering their ability to offer competitive incentive packages.

Value of Economic Assistance

	Wisconsin	Arizona
State	$2,750,000	$300,000
Local	$3,250,000	$0
Other	$1,000,000	$250,000
Total	**$7,000,000**	**$550,000**

Story 2: Wisconsin Strong Without Blight Requirement

A consumer products company was consolidating its headquarters into one facility, and was evaluating locations in Wisconsin and Illinois. The total project costs were $25 million, which directly resulted in 350 new jobs being created. The Wisconsin municipality offered TIF assistance of $3.15 million. Illinois was not able to offer TIF assistance because new construction is not an eligible cost within their TIF statute which is focused on blight elimination rather than economic development. The focus on blight elimination removed the ability of the Illinois municipality to provide an incentive for this high wage job creation project.

Value of Economic Assistance

	Wisconsin	Illinois
State	$800,000	$1,700,000
Local	$3,150,000	$0
Total	**$3,950,000**	**$1,700,000**

Story 3: Wisconsin Competes with Personal Property Tax

A Wisconsin biotech company was considering making a $40 million investment of equipment into one of two existing company facilities in either Wisconsin or North Carolina. The additional investment would allow for the hiring of 255 new employees. While there was no impact to the TIF district from taxes paid on real property, the fact that Wisconsin's TIF mechanism also captures personal property tax allowed the municipality to offer TIF assistance of $5.7 million. North Carolina's TIF mechanism only captures property tax not personal property and was therefore unable to offer an incentive through TIF.

Value of Economic Assistance

	Wisconsin	North Carolina
State	$2,500,000	$2,550,000
Local	$5,700,000	$0
Total	**$8,200,000**	**$2,550,000**

Conclusions

The Taxpayer benefits of TIF in Wisconsin are much larger than its impacts on municipal tax base and provides broad economic development benefits. From the select communities reviewed in this study, these broader economic development benefits included job creation; with some communities benefiting from thousands of jobs. While these communities are only a sampling of TIDs from across the state, their results demonstrate that TIF can have a significant impact on a local economy through job creation. Statewide, we can measure property tax benefits of TIF and conclude that for every $1 of investment in a Wisconsin TIF district, $4.66 is added to the tax base.

Wisconsin has powerful tools at the state level to support economic development and job attraction but TIF remains the primary tool at a local level. TIF is the most relied upon tool in economic development and if TIF were unavailable there would be $370 million less of available funding for economic development programs. By statute, the Wisconsin TIF tool has more flexibility than many other states with the attributes of not requiring a finding of blight, the length of the districts, and the incremental revenues captured by the mechanism. Maintaining and enhancing the flexibility currently afforded under the state TIF statute will allow Wisconsin to compete for investment and jobs regionally, nationally, and internationally.

Key Findings

- For every $1 of investment within a Wisconsin TIF district, an average of $4.66 of additional tax base is created.
- Without TIF the State would face a gap 4.9 times larger than state funding currently available for local economic development projects.
- Between 2009 and 2016, TIF districts that closed had been open for, on average, 16.37 years, which is 4 to 11 years shorter than the maximum allowed by law.
- Wisconsin has been a leader in the national shift of TIF use from blight removal to a use for broader economic development purposes.
- Maintaining and enhancing the flexibility currently afforded under the state TIF statute will allow Wisconsin to compete for investment and jobs regionally, nationally, and internationally.

"I have been deeply involved in economic development, site selection and helping businesses locate in Wisconsin for 50 years. Flexible TIF policies ensure Wisconsin municipalities have the tools to compete for jobs and investment in the competitive global marketplace."

— Michael Mooney, MLG Capital

Appendix

Data Sources and Footnotes

Council of Development Finance Agencies. (2015). *Tax Increment Finance State-By-State Report: An Analysis of Trends in State TIF Statutes*. Columbus: Council of Development Finance Agencies

National Association of Home Builders. (2013). Infrastructure Finance Does Your State Encourage Innovation?. Washington DC: National Association of Home Builders
Data provided by the Wisconsin Department of Revenue and compiled by Ehlers & Associates

Emsi Input-Output Methodology

About the Emsi Social Accounting Matrix

Emsi's multi-regional social accounting matrix (MR-SAM) modeling system is a "comparative static" type model in the same general class as RIMS II (Bureau of Economic Analysis). It relies on a matrix representation of industry-to-industry purchasing patterns originally based on national data which are regionalized with the use of local data and mathematical manipulation (i.e., non-survey methods). Models of this type estimate the ripple effects of changes in jobs, earnings, or sales in one or more industries upon other industries in a region. The Emsi model shows final equilibrium impacts – that is, the user enters a change that perturbs the economy and the model shows the changes required to establish a new equilibrium. As such, it is not a "dynamic" type model that shows year-by-year changes over time.

Definitions

Direct Impact: This number represents the initial change in jobs, earnings, or wages as input by the user, and therefore does not include ripple effects. If a user has made the input terms of jobs, this figure will match exactly what the user entered. If in terms of earnings or sales, this number will represent the conversion to jobs from those other terms.

Direct Supply Chain Impact: The effect of new input purchases by the initially changed industries. This is the first round of impacts. This change is due to inter-industry effects.

Indirect Supply Chain Impact: The subsequent ripple effect in further supply chains resulting from the direct change. In more awkward terms, this shows the sales change in the supply chains of the supply chain, as a result of direct change. This is the second round of impacts. This change is due to inter-industry effects.

Induced Impact: This change is due to the impact of new earnings created by the initial, direct, and indirect changes. These earnings enter the economy as employees spend their paychecks in the region on food, clothing, and other goods and services. In other words, this figure represents the income effects on inter-industry trade.

Important Assumptions

Construction impacts are usually brief. When a new bridge or building is built in a region, the construction change in the region is not permanent. Changes in Emsi's model assume that the jobs added represent a permanent change to the regional economy. For this reason, it's important to look primarily at the impact to the supply chain in the region, rather than looking at the full impact of the construction project.

Other impacts, however, will continue past the construction. Operation of a new building represents a real change in the economy, but shouldn't be equated to the change in the construction industry.

Contributors

About Baker Tilly

Baker Tilly Virchow Krause, LLP (Baker Tilly) is a nationally recognized, full-service accounting and advisory firm whose specialized professionals connect with clients and their businesses through refreshing candor and clear industry insight. With approximately 2,700 employees across the United States, Baker Tilly is ranked as one of the 15 largest accounting and advisory firms in the country. Headquartered in Chicago, Baker Tilly is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 141 countries, with 28,000 professionals. The combined worldwide revenue of independent member firms is $3.8 billion.

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