

# CITY OF MIDDLETON, WISCONSIN

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## TAX INCREMENT FINANCING DISTRICT NO. 3 AMENDMENT NO. 8

City Council Action

September 4, 2012

Prepared by:



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## SECTION I. INTRODUCTION

On March 21, 2012, the state enacted 2011-2012 Wisconsin Act 139 (see Appendix A), which extended the spending period of Middleton Tax Increment Finance District (TID) #3 to 32 years and extended the total life of the TID to 37 years (to 2025 and 2030 respectively). The Act also permits a total of seven project plan amendments to alter the TID boundaries. Section 66.1105(4)(h)6 of the Tax Increment Law provides that a formal amendment to a TID project plan is not required if an extended spending period is authorized by a provision of state law. Nevertheless, the City of Middleton is proposing this amendment to share and discuss this change and its benefits with the public and members of the Joint Review Board through the project plan amendment process.

Middleton TID #3 was initially established in September 1993 and added parcels in 1996 to yield a base value of \$64.7 million. Since then, the tools offered by the TID have been used judiciously by the City to leverage unprecedented levels of private development that has truly transformed the community. Further, as values in the TID have increased, the City has continually worked to share these benefits with the overlaying taxing districts as soon as possible through three subtractions of area within the TID (2006, 2009 and 2011) totaling more than \$270 million in incremental assessed valuation. As a result, all taxing districts are now able to share in the more than \$5 million in annual tax revenues generated by these subtracted parcels.

As described in the City's presentation to the state legislature in requesting approval of the TID #3 time extensions, the community is poised to continue retaining and expanding existing businesses and attracting additional investment and job creation within the TID provided the TID resources can continue to be employed. The \$7 million expansion of Electronic Theater Controls' international headquarters, the new headquarters building for Spectrum, and the pending expansion of two other major employers already here are just the most recent, but by no means the last, of the types of solid businesses the community can retain, expand, and attract. Perhaps more important than their additions to our tax base, all four of these companies pay annual salaries and benefits averaging \$60,000. Although not all of these projects, nor all of those in the future, will receive direct benefits from the TID, the infrastructure projects, amenities and other resources provided by the TID will help to ensure that Middleton remains a highly desirable and highly competitive location for our existing business and others seeking to make significant investments who pay high wages and provide excellent benefits.

Amendment No. 7 to the TID #3 project plan approved by the Joint Review Board on September 29, 2011, described several additional projects and authorized up to \$45.5 million in expenditures for them and their related financing costs as well as district administrative and support costs. No changes to these and all other previously authorized projects or the authorized combined level of expenditures are proposed in this Amendment No. 8, other than having until 2025 to undertake them and having until 2030 to recover the TID's cost of investment in them.

As described in Amendment No. 7, all authorized projects are contingent upon the availability of future incremental tax revenues to pay for them. Most of the existing TID revenues have been committed through 2020; however, the existing TID debt is expected to be retired in that year. After that, about \$16.3 million in revenue attributable to increment from existing development is expected to be available to undertake projects as necessary to encourage further expansions and additional development and job creation. As in the past, the City will continue to take a conservative and responsible approach to undertaking additional costs and will take all steps necessary to ensure that any additional project costs and debt incurred by the TID will not impair the ability to close it within the newly authorized time frame and with a positive cash balance.

The levels of development and private investment in TID #3 since its creation have exceeded all expectations but truly could not have been accomplished *but for* the availability of the resources provided by the TID and the cooperation and support received from all overlaying taxing jurisdictions. The authorized time extensions will help in maintaining the tremendous momentum that has been created to retain and expand businesses and attract additional investment and quality jobs that also likely would not otherwise occur but for the tools offered by the TID. The City fully intends to continue its track record of responsible use of TID resources and fully expects that it will continue to yield significant returns to all overlying taxing jurisdictions and the people they serve.

## **SECTION II. DESCRIPTION OF HOW TAX INCREMENT DISTRICT NO. 3 WILL PROMOTE THE ORDERLY DEVELOPMENT OF THE CITY OF MIDDLETON**

No change has been made to this section in this amendment.

## **SECTION III. TAX INCREMENT BOUNDARY AND EQUALIZED VALUES**

No change has been made to this section in this amendment.

## **SECTION IV. EXISTING USES AND CONDITIONS OF REAL PROPERTY**

No change has been made to this section in this amendment.

## **SECTION V: PROPOSED PUBLIC WORKS AND ESTIMATED COSTS**

No changes to the projects or total expenditures previously authorized are proposed other than the City shall now have until 2025 to undertake them and until 2030 to recover the TID's cost of investment in them.

**SECTION VI. NON TAX REVENUES**

No change has been made to this section in this amendment.

**SECTION VII. ECONOMIC FEASIBILITY ANALYSIS**

No changes to the projects or total expenditures previously authorized are proposed other than the City shall now have until 2025 to undertake them and until 2030 to recover the TID's cost of investment in them.

**SECTION VIII. CONSISTENCY OF ACTIVITIES WITHIN TAX INCREMENT DISTRICT #3 WITH THE CITY ZONING ORDINANCE, MASTER PLAN AND OTHER DEVELOPMENT ORDINANCES**

No change has been made to this section in this amendment.

**SECTION IX. STATEMENT ON RELOCATION**

No change has been made to this section in this amendment.

## **APPENDICES**

**APPENDIX A: 2011-2012 WISCONSIN ACT 139**

**APPENDIX B: LETTERS TO TAXING JURISDICTIONS**

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AND FIRST JOINT REVIEW BOARD MEETING**

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AMENDMENT NO. 8 PROJECT PLAN**

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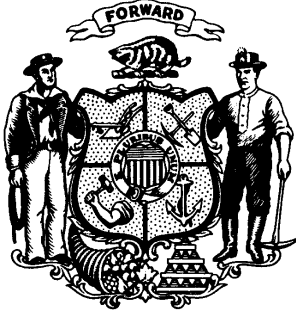
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**APPENDIX J: CITY ATTORNEY OPINION**

# State of Wisconsin



2011 Senate Bill 440

Date of enactment: **March 21, 2012**

Date of publication\*: **April 4, 2012**

## 2011 WISCONSIN ACT 139

**AN ACT** to amend 66.1105 (4) (h) 2.; and to create 66.1105 (4) (h) 9., 66.1105 (6) (a) 10. and 66.1105 (6) (am) 2. e. of the statutes; relating to: increasing the allowable number of project plan amendments, and lengthening the time during which tax increments may be allocated and expenditures for project costs may be made, for Tax Incremental District Number 3 in the city of Middleton.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 66.1105 (4) (h) 2. of the statutes is amended to read:

66.1105 (4) (h) 2. Except as provided in subds. 4., 5., 7., ~~and 8.~~, and 9., the planning commission may adopt an amendment to a project plan under subd. 1. to modify the district's boundaries, not more than 4 times during the district's existence, by subtracting territory from the district in a way that does not remove contiguity from the district or by adding territory to the district that is contiguous to the district and that is served by public works or improvements that were created as part of the district's project plan. A single amendment to a project plan that both adds and subtracts territory shall be counted under this subdivision as one amendment of a project plan.

**SECTION 2.** 66.1105 (4) (h) 9. of the statutes is created to read:

66.1105 (4) (h) 9. Notwithstanding the limitation in subd. 2., the planning commission in the city of Middle-

ton may adopt an amendment to a project plan under subd. 1. to modify the boundaries of Tax Incremental District Number 3 not more than 7 times during the district's existence. A single amendment to a project plan that both adds and subtracts territory shall be counted under this subdivision as one amendment of a project plan.

**SECTION 3.** 66.1105 (6) (a) 10. of the statutes is created to read:

66.1105 (6) (a) 10. Thirty-seven years after the tax incremental district is created if the district is Tax Incremental District Number 3 in the city of Middleton.

**SECTION 4.** 66.1105 (6) (am) 2. e. of the statutes is created to read:

66.1105 (6) (am) 2. e. Expenditures for project costs for Tax Incremental District Number 3 in the city of Middleton. Such expenditures may be made no later than 32 years after the district is created and may be made through 2025.

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\* Section 991.11, WISCONSIN STATUTES 2009-10 : Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state [the date of publication may not be more than 10 working days after the date of enactment].