

Tax Increment Financing Policy

Tax Increment Financing (TIF) is one of the few tools that the State of Wisconsin provides municipalities to advance development and redevelopment goals of a community. The City of River Falls has an adopted tax increment financing policy to guide the process for fully utilizing this important economic development tool. This info sheet is a brief summary of the policy. The full document is available [here](#).

REASON FOR THE POLICY

The City Council created the TIF policy to:

1. Responsibly use tax increment financing as a tool to encourage new development and redevelopment consistent with the Comprehensive Plan.
2. Provide a range of development incentives, when necessary, to attract new development, retain local employers, stimulate their expansion and facilitate the redevelopment and revitalization of the downtown and other older areas.
3. Provide existing and new businesses with a consistent set of guidelines for the City's approach to incentive programs.
4. Maximize the effectiveness of the City's limited resources to stimulate new development and redevelopment projects that create employment opportunities and expand the tax base.
5. Monitor the performance of active TID's to insure their financial success.

ELIGIBLE PROJECT COSTS

Wisconsin Statutes define project costs that are eligible using TIF. The City of River Falls utilizes TIF for both public improvements and cash grants with further definition provided in the full TIF policy.

MINIMUM PROJECT VALUE FOR DEVELOPMENT ASSISTANCE

Projects proposed in an existing TID should, at a minimum, provide an increase in assessed value of \$2 million to be considered for assistance. Proposed projects that require the creation of a new TID should, at a minimum, have an assessed value of \$4 million to be considered for assistance. Projects with a lesser anticipated increase in assessed value may be considered if they create a substantial new development or advance redevelopment goal of the City.

MAXIMUM AMOUNT OF ASSISTANCE

In providing development assistance, it is City policy to provide no more assistance than necessary to make a project financially feasible. Each project will be evaluated to determine compliance with this policy. In general, the following guidelines apply based on the type of TIF district. These guidelines are intended to establish the maximum assistance amounts and in no way should be construed as establishing an entitlement or minimum.

MAXIMUM AMOUNT OF ASSISTANCE, CONTINUED

Blight or Rehabilitation TID (maximum life of 27 years) – Up to **7-13 years** of increment received from development may be allocated to public improvements primarily benefitting the development and cash grants. A maximum of 5 years of increment may be allocated to capitalize a development fund.

Industrial or Mixed-use TID (maximum life of 20 years) – Up to **5-10 years** of increment received from development may be allocated to public improvements primarily benefitting the development and cash grants. A maximum of 5 years of increment may be allocated to capitalize a development fund.

REQUESTS FOR DEVELOPMENT ASSISTANCE

As development projects arise, the City Administrator or designee shall have the authority to negotiate type and level of development incentives. All requests for development assistance must be submitted in writing to the City of River Falls. Staff will consider the following before making a recommendation to the City Council:

1. Estimated total project costs
2. Estimated assessed value of project
3. Impact on local workforce development and employment opportunities
4. Amount of requested assistance
5. Statement of Sources and Uses for construction phase of project
6. A 3-5 year operating pro-forma for the project
7. Plan view of proposed project

The City Council has the final authority to review and approval all negotiated agreements.

FINANCIAL DUE DILIGENCE

The City may require some, or all, of the following:

1. Owner/Developer/Tenant financial statements (as applicable)
2. Confirmation of private financing
3. Any subrogation requirements

DEVELOPMENT AGREEMENTS

Any entity receiving financial assistance will be required to enter into a development agreement with the City. All development agreements must be approved by the City Council. Development agreements must contain, at a minimum:

1. Guarantee of assessed value
2. Guarantee of annual property tax payment
3. Maintenance of taxable status of PILOT agreement for greater of useful life of TID, period of assistance, or 20 years
4. Security (e.g. mortgage on project, personal guarantees, or other collateral)