City of Stoughton, 207 S Forrest Street, Stoughton WI 53589

RESOLUTION OF THE COMMON COUNCIL

Authorizing and Directing the proper city official(s) to Amend the City of Stoughton Policy for the Creation of Tax Incremental Finance Districts and the Approval of TIF Projects

Committee Action: Finance Committee approved 5-0 on August 11, 2020

Fiscal Impact: None

File Number:	R-131-2020	**Date Introduced:**	August 25, 2020

WHEREAS, the City of Stoughton Policy for the Creation of Tax Incremental Finance Districts and the Approval of TIF Projects ("Policy") was adopted by the Common Council in 2016 and amended in 2019; and

WHEREAS, the City's Finance Department recommended an additional amendment to the Policy at the Finance Committee meeting held on August 11, 2020 as follows:

- Establish developer equity requirements.

WHEREAS, the Finance Committee reviewed and recommended the proposed changes 5-0 at their meeting held on August 11, 2020.

NOW THEREFORE BE IT RESOLVED that the Common Council of the City of Stoughton authorizes and directs the property city official(s) to amend the Policy as recommended.

Council Action: ☐ **Adopted** ☐ **Failed** **Vote** _____

Mayoral Action: ☐ **Accept** ☐ **Veto**

_____

Tim Swadley, Mayor Date

Council Action: _____ ☐ **Override** **Vote** _____

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City of Stoughton Policy
for the Creation of Tax Incremental Finance Districts
and the Approval of TIF Projects.

1. *Purpose*. This policy has been prepared to assist the City in determining whether to create a Tax Incremental Finance District, and in determining whether to approve the use of Tax Incremental Financing for particular projects. The authority to approve the use of Tax Incremental Financing is vested solely in the City Council. The City reserves the right to reject any and all projects, including projects that are eligible for the use of Tax Incremental Financing, for any reason or no reason. The City Council reserves the right to approve or disapprove any project as it deems appropriate.

2. *General Goals for the use of Tax Incremental Financing*. The City may consider whether a TIF District or a TIF project serves one or more of the following general goals when deciding whether to create a TIF District, or whether to provide TIF financing for a particular project:

   A. Eliminate blighting influences, redevelop underutilized lands, and provide suitable sites for industrial, commercial or residential development.
   B. Achieve or accelerate development on sites that would not be developed without the use of Tax Incremental Financing.
   C. Increase employment opportunities in the City.
   D. Increase the tax base for the City and other taxing jurisdictions.
   E. Assists implementation of the City's Comprehensive Plan.
   F. Provide affordable housing opportunities.
   G. Encourage unsubsidized private development in the City.

3. *TIF District Creation*.

   A. TIF Districts will be created in accordance with the procedures and standards in Wis. Stat. § 66.1105, and as such statute may be amended. (See Appendix A - Department of Revenue TIF Creation Checklist).
   B. The City Council may, in individual cases, expand the process for creating a TIF District in such manner as it deems appropriate.

4. *TIF Project Approval*. All TIF projects must be approved by the City Council, following review and report by the Finance Committee. The Finance Director shall provide a report to the Finance Committee and the City Council addressing the following issues, which shall be considered by the Finance Committee and City Council before approving any TIF project:

   A. Is the project authorized by the Project Plan for the TIF District?

B. Does the project serve one or more of the City's general goals for the use of TIF?

C. Is Tax Incremental Financing feasible, in that the TIF District will support the level of TIF investment?

D. Is the amount of Tax Increment Financing requested reasonably necessary to make the project financially viable?

E. Should a development agreement be required, and what terms should be included in the agreement?

F. Is more process (such as additional public hearings or a referendum) appropriate?

G. Will the potential developer's equity in the project exceed 10%?

H. Will the ratio of equity to assistance be at least equal (1 X Equity = or > Assistance)?

I. Such other factors as either the Finance Committee or the City Council deem appropriate.

5. *Permissive Referendum*. Before the City may issue bonds or otherwise borrow funds that will be payable over more than 10 years to fund a TIF project, the City Council must first adopt a resolution declaring its intent to borrow the funds. If a number of electors of the city equal to at least 15% of the of the votes cast for governor at the last general election in the city sign and file a petition conforming to the requirements of Wis. Stat. § 8.40 with the city clerk requesting submission of the resolution, the City may not issue bonds or borrow funds for financing the TIF project without calling a special election to submit the question of bonding or borrowing to the city electors for their approval.

6. *Negotiations*. City staff and the city attorney will negotiate development agreements within the parameters established by the City Council, and subject to final approval by the City Council.

   It should be noted that "pay-as-you-go" is the preferred TIF financing mechanism of the City Council to help reduce the financial exposure of the City. Under this financing method the developer pays the upfront costs of the project. The City would then establish the criteria to fully or partially reimburse the developer using future tax increment.

7. *Suspension of Policy*. This policy shall be followed in all cases, except where the common council approves deviating from this policy by a vote of two-thirds of the members present.