

TIF FAQ

WHAT IS THE DIFFERENCE BETWEEN TID AND TIF?

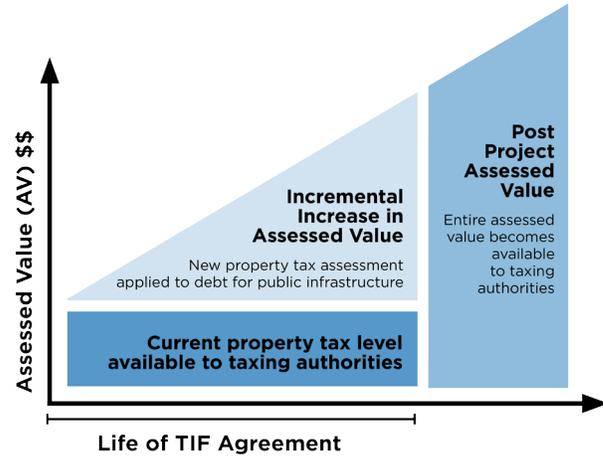
A TID is a “tax increment district” which is a geographic area that has been identified by a Village or City for new public and private investment. TIF, or Tax Incremental Financing, is the financing instrument used by Villages and Cities to accomplish new public and private investment projects.

HOW DOES A TID HELP LOCAL BUSINESSES?

Cities and Villages establish a TID to invest public funds to grow the tax base of its community, encourage private investment and facilitate new job creation. Public funding may be provided to install new roads, extend water and/or wastewater, install other public improvements and provide financial incentives. If a business is located within a TID and is considering a physical expansion or is planning to construct a new facility inside the TID, the business must meet the “But-For” rule to be eligible for financial assistance from a TID. TIF resources can only be provided to a business or developer if the project demonstrates that, “But-For” the TIF resources being made available to the project, the project would not occur. If the project is eligible and the project complies with the But-For test, the business can seek TIF resources from the City or Village.

WHAT IS THE TAXPAYER IMPACT?

By establishing a TID, a City or Village is able to capture the property tax revenue from new development inside the TID to pay for public improvements in and around the TID. The Village and City, along with its financial advisor, carefully review the proposed expenses and expected, new property tax revenues to confirm that there will be sufficient property tax revenues inside the TID to support the public improvements. This process is carefully developed and reviewed by elected officials, financial advisors and consultants to ensure that there are little to no impacts to the taxpayer.



HOW WILL WE KNOW IF A TID IS SUCCESSFUL?

When a City or Village wish to establish a TID, they work with their financial advisor to develop a “Project Plan.” This plan includes the proposed expenditures (public improvements, incentives, etc.) and projected property tax revenues. The purpose of establishing a TID is to make any necessary public improvements in the TID and as a result, spur new private investment to occur. The TID can be deemed successful when the actual activities align with the Project Plan and meet or exceed the financial projections included in the Plan.

Racine County has a track record of successful TID projects, including:

Renaissance Business Park

(Sturtevant TID #1 created in 1994)

Jointly developed by MLG Commercial, local landowner and village leaders, the TID resulted in business recruitment and expansion of Andis, BRP US, Kerry Ingredients, Leman and others. The TID closed successfully in 2016 with a \$230 million value.

Mount Pleasant Business Park

(Mount Pleasant TID #1 created in 2006)

The vision was to create development opportunities on Hwy 20 by extending water and sewer to I-94. It resulted in HSA Commercial constructing two speculative industrial buildings and the attraction of Seda North America. TID #1 base value of \$4 million has grown to \$50+ million (2016 value) .

WHAT WILL THIS NEW MOUNT PLEASANT TIF FUND?

The new Mount Pleasant TIF will fund public improvements such as public roads, extension of public water and sanitary sewer, IT infrastructure and development incentives for the large-scale project.

WHY DOES FOXCONN NEED TIF? ISN'T THE COMPANY EXTREMELY PROFITABLE?

We view this expansion project as a partnership with the developer, the business, the Village, the County and the State. Foxconn estimates it will invest more than \$10 billion dollars in this development and create thousands of full time jobs. The TIF funding from the Village will be used to provide public infrastructure to the site and to defray exceptional costs associated with the project.

ISN'T A TIF USUALLY USED FOR PUBLIC INFRASTRUCTURE, WHY ARE WE HELPING FUND PRIVATE DEVELOPMENT?

The TIF will be used to defray some of the exceptional development costs that are required to develop this land parcel. Current taxpayers are not bearing any new burden. Rather, new tax base that would not have existed but for the TIF investment is created and, ultimately, will offset the tax burden of other taxpayers.