

What Does the Mount Horeb Downtown TIF Mean to Me?

The Joint Review Board (that includes the Mount Horeb Village Board, Madison College, Mount Horeb Area School District, Dane County and one At-Large member) voted August 18th to authorize a new Tax Increment Financing (TIF) program for downtown Mount Horeb. The purpose of the TIF is to spur development in downtown Mount Horeb, which would likely not occur but for the creation of the district.

Definition: A TIF helps promote local tax base expansion by using property tax revenues to fund site improvements to attract new development, rehabilitation, conservation, industrial, mixed use, eliminate blight and provide environmental remediation. A Tax Increment District (TID) is the actual physical area designated for expansion where improvements are being made.

The Mount Horeb Area Economic Development Corporation (MHAEDC) developed the following Q&A to help answer taxpayer questions in our community.

How will the TIF work?

- The Village will borrow funds over an extended period of time (up to 27 years) to fund infrastructure, remodeling or new construction by property-owners or developers within the district. Borrowed funds will be paid back through taxes from increased property tax values resulting from these redevelopment activities.

What projects may be eligible for payments from the TIF?

- Public Infrastructure and amenities
- Property planning/engineering/renovation/relocation
- Property rehabilitation or acquisition
- Demolition and new development
- Façade improvements

Will the TIF increase my property taxes?

- No, it is not an additional tax. The new tax revenue comes from the increased value of improved properties within the district.
- If the TIF works as expected, the Village tax base will increase, sharing the current burden of taxes among a broader and deeper base of taxpayers and, thus, lowering taxes for everyone. In other communities, the increased tax revenue has been over 4 times the amount of incentives and infrastructure cost invested.
- For individual business owners whose property has been improved via the TIF, there may be additional property taxes levied over time. The average citizen in the Village will not see an increase due to the TIF.

Why is the TIF being implemented now?

- At least six projects are already underway, with several additional projects in the planning stage. Several of these will not be implemented unless the TIF provides the financial support necessary to make the projects economical.
- Many buildings downtown need rehabilitation or could benefit from improvements. 57% of the commercial properties inside the district are in need of rehabilitation, according to the TIF Feasibility Study.
- Private investment is most likely to occur where momentum and incentives are available. Current businesses will benefit from new businesses, producing increased customer traffic.

How does the TIF provide economic stimulus?

- According to Village consultants, Vandewalle & Associates, \$29,850,000 in additional tax revenue is likely to be produced over the life of the TIF.
- A preliminary plan calls for the Village of Mount Horeb to authorize over \$27 million in spending on approved projects over the life of the TIF.
- Costs will be spread out over an extended period of time, but the first 5-7 years are likely to be the most active period of redevelopment.

Who Benefits from the TIF?

- The entire Village will benefit from increased investment in our properties and related infrastructure.
- We will be able to attract new businesses to invest in Mount Horeb (e.g. Duluth Trading Company).
- Improved accessibility to businesses and upgraded facades bring more shopping, dining, downtown activity and jobs to our community.

How will the School District be impacted?

- As with the Village, County and Madison College, MHASD will have any GROWTH in their property tax base IN THE DISTRICT deferred until after the TIF is closed.
- Less than 2% of the MHASD tax base resides in the downtown TIF, so the impact in deferred growth of this tax base is minimal. In fact, increased growth in student population may result in greater state level funding than is deferred from this TIF.
- At the close of the TIF, the tax base is projected to be nearly four times the current tax base in the district.

Why are we investing in businesses instead of investing in our schools?

- The beauty of the TIF is that by investing in the economic prosperity of our Village, we will increase the tax base and bring in additional revenue for everyone, including the school district.
- Conservative estimates that were used to justify the TIF project a 300% return on our investment. In other words, by investing \$27M now, we project a minimum return of \$83M during the term of the plan.

- Aging infrastructure is not just a problem for the school district or the fire department. Some of the water and sewer pipes in the downtown are among the oldest in the community.

27 years seems like a long time to wait for the benefits - can't this happen sooner?

- As we have seen with the other TIF investments, we have the possibility of closing out the district sooner than 27 years. Several exciting projects are underway or being planned with committed investors ready to go.
- Success brings more success, so as these initial projects are completed, more businesses will be willing to invest in our thriving Village.

I am a property owner in the TID, interested in improving my property. Whom do I contact for more information about the TIF?

- Contact Brad Murphy, Executive Director of the Mount Horeb Area Economic Development Corporation at bradmurphy@mhtc.net. Specific guidelines for project proposals are likely to be available by October 2016.