

November 13, 2003

Governor James E. Doyle
State Capitol – Room 125 East
Madison, Wisconsin
HAND-DELIVERED

Dear Governor Doyle,

We would like to take this opportunity to thank you and your administration for your willingness to work with us as we crafted legislation to reform the Tax Incremental Financing (TIF) statutes in Wisconsin. Your administration's willingness to listen and provide feedback is greatly appreciated.

As you recall, we initially met to discuss this proposal with Secretary Nettles on September 16th, and had the opportunity to receive feedback from Secretary Morgan during a meeting on October 30th. Last week, we held a public hearing on the bill in the Senate Committee on Economic Development, Jobs Creation & Housing, during which representatives from the Department of Revenue provided additional comments from your administration on this proposal. The Committee voted unanimously (5-0) to recommend the bill for passage.

Since that time, we have received a letter from Secretary Morgan asking us to consider modifying a number of provisions in our legislation. We welcome the opportunity to have a thoughtful dialogue on these issues in search of common ground. We take very seriously your administration's concerns, and are offering a substitute amendment to address three specific areas.

In response to the issues identified in Secretary Morgan's letter, and in the spirit of bipartisan cooperation with your administration, we will agree to amend our bill to address these three concerns. Specifically, our substitute amendment will:

- (1) Remove in its entirety the provision that would allow counties to work with a town to create a TIF district. Although we maintain that there are legitimate instances where this authority represents good public policy, we appreciate your concern, and will remove this from our bill.

- (2) Amend the extension of the expenditure period for TIF eligible costs to 5 years before the statutory termination date of the TID. We appreciate your concern regarding the timely closing of TIF projects, but want to maintain flexibility to address economic development opportunities that arise toward the end of a project. Please keep in mind that this extension does not increase the life of the TID, and in many cases, the additional expenditure will generate increment that allows the TIF to close earlier than it ordinarily would have.
- (3) Place restrictions on the use of TIF for newly-platted housing in a mixed-use TID by requiring that the housing meets at least one of the three criteria below:
1. Has a density factor of at least 3 units per acre.
 2. Meets the definition of “Traditional Neighborhood Development as defined in s. 66.0127 (1) (c) of the Smart Growth statute.
 3. Meets the definition of “Conservation Subdivision” as defined in s. 66.0127 (1) (a) of the Smart Growth statute.

These changes will preserve our intent to integrate TIF with the concept of workforce housing, and will do so in a manner that is more consistent with sound comprehensive planning principles under the Smart Growth law.

The changes listed above represent our effort to accommodate your administration’s concerns with the bill in a manner that is consistent with our original intent regarding this legislation. Additionally, these changes are consistent with the recommendations by people who suggested changes at the public hearing. It is our sincere hope that, with these changes, you will be able to join the broad bipartisan support for this bill, and help us to empower our local governments to create jobs throughout the state.

Thank you again for your administration’s input on this proposal.

Sincerely,

CATHY STEPP
State Senator
21st Senate District

MICKEY LEHMAN
State Representative
99th Assembly District

c: Secretary Michael Morgan
Secretary Cory Nettles
Members, Senate Committee on Economic Development, Job Creation & Housing