

MEMORANDUM

TO: Joint Review Board Members
FROM: Brian Reilly, Ehlers (on behalf of the City of La Crosse)
DATE: October 27, 2021
SUBJECT: Request to Extend Maximum Life of Tax Incremental District No. 13

Summary of Request

The City of La Crosse is requesting that the Joint Review Board (“JRB”) approve extending the life of Tax Increment District No. 13 (the “District”) as permitted by Wis. Stat. § 66.1105(7)(am)4. This statute provides authority for a JRB to grant a three-year extension to the maximum life of a tax increment district if, during the district’s existence, the annual and total amount of tax increments to be generated were adversely impacted by 2013 Wisconsin Act 145 (“Act 145”). Act 145 provided technical college districts property tax relief, which reduced total mill rates levied on taxable property and diminished tax increment revenues for districts open prior to the effective date of the legislation, beginning with generally applicable 2014 property tax levies. The District was created by resolution of the City Council on May 11, 2006, and was, therefore established prior to enactment of Act 145.

If a community provides the JRB with an independent audit demonstrating that a district is unable to recover its project costs within its maximum statutory life, the JRB must approve the request. If such an audit is not provided, the JRB may approve or deny the request. The City is making its request to the JRB on a discretionary basis. A projected deficit is not required to substantiate the City’s request for an extension, merely impairment of revenues due to a change in property tax levies resulting from Act 145.

Calculation of Incremental Revenue Lost Due to Act 145

For levy year 2013 / fiscal year 2014, the City received \$596,281 in tax incremental revenue based only on Western Technical College’s apportioned levy and corresponding equalized tax rate for the City of La Crosse of \$2.48 per \$1,000 of value. Following implementation of Act 145, Western Technical College’s mill rate dropped to \$1.59 per \$1,000 of value, diminishing total tax increment revenue by \$267,374 in the next fiscal period. Using the City’s total value increment as of January 1, 2021 and the current mill rate of \$1.40 per

\$1,000 applicable to Western Technical College's most recent apportioned levy and comparing to the pre-Act 145 rate, the projected total loss of tax increment revenue through 2027 (final maximum, un-extended year of tax increment revenue receipt for the District) is estimated to be \$6,922,426. Based on this analysis, the District qualifies to request a three-year life extension as the annual and total amount of tax increments to be generated over the life of the District were clearly adversely impacted by Act 145. The table below demonstrates the impaired revenue during the affected revenue periods:

					With Act 145		Without Act 145		
Levy Year/ Budget Year		Western Tech.			Tech College		Tech College		Difference
		College La Crosse	TID Increment		Tech College Portion of TID	Portion of Tax Increment	Tech College Portion of TID	Portion of Tax Increment	
		TID Out EV	Levy	Value	Interim Rate	Collection	Interim Rate	Collection	
2013/2014	Actual	2,862,992,100	7,108,148	240,167,900	2.48	596,281	2.48	596,281	-
2014/2015	Actual	2,911,432,200	4,637,250	300,421,400	1.59	478,503	2.48	745,877	(267,374)
2015/2016	Actual	3,032,435,500	4,783,438	295,889,100	1.58	466,743	2.48	734,624	(267,881)
2016/2017	Actual	3,090,887,300	4,847,821	366,056,800	1.57	574,132	2.48	908,834	(334,702)
2017/2018	Actual	3,307,816,800	5,067,621	450,882,700	1.53	690,759	2.48	1,119,438	(428,679)
2018/2019	Actual	3,405,627,800	5,099,507	471,627,600	1.50	706,204	2.48	1,170,942	(464,739)
2019/2020	Actual	3,543,717,600	5,125,133	478,995,700	1.45	692,752	2.48	1,189,236	(496,484)
2020/2021	Actual	3,732,497,700	5,224,262	598,909,000	1.40	838,274	2.48	1,486,953	(648,678)
2021/2022	Projected	3,732,497,700	5,224,262	617,654,400	1.40	864,512	2.48	1,533,493	(668,981)
2022/2023	Projected	3,732,497,700	5,224,262	617,654,400	1.40	864,512	2.48	1,533,493	(668,981)
2023/2024	Projected	3,732,497,700	5,224,262	617,654,400	1.40	864,512	2.48	1,533,493	(668,981)
2024/2025	Projected	3,732,497,700	5,224,262	617,654,400	1.40	864,512	2.48	1,533,493	(668,981)
2025/2026	Projected	3,732,497,700	5,224,262	617,654,400	1.40	864,512	2.48	1,533,493	(668,981)
2026/2027	Projected	3,732,497,700	5,224,262	617,654,400	1.40	864,512	2.48	1,533,493	(668,981)
Total									(6,922,426)

Impact of Three-Year Extension

Based on the District's current equalized value increment and the total equalized tax rate for taxes payable 2021, the three-year extension would generate approximately \$11,388,471 in additional tax increment revenue. There can be no guarantee future values and tax rates will remain constant over the intervening period.

Approval Process

To seek approval of this request, the City has organized a meeting of the JRB to be held on October 28, 2021. Approval of the extension request will require an affirmative vote from a majority of the JRB members present.