

draft

AMENDMENT
to the
PROJECT PLANS
of
TAX INCREMENTAL DISTRICT NUMBER TWO
TAX INCREMENTAL DISTRICT NUMBER FIVE
and
TAX INCREMENTAL DISTRICT NUMBER SEVEN
CITY OF RACINE, WISCONSIN
for
ALLOCATION OF POSITIVE TAX INCREMENTS

Approved by Plan Commission:

Approved by Common Council:

Approved by Joint Review Board:

Background

Wisconsin's Tax Increment Law allows cities and villages to amend a tax incremental district's project plan to allocate positive tax increments generated by that tax incremental district to other tax incremental districts under certain circumstances. Section 66.1105 (6) (f) Wisconsin Statutes provides that:

1. Not later than the date on which a tax incremental district terminates under sub. (7) (am), a planning commission may amend under sub. (4) (h) the project plan of a tax incremental district to allocate positive tax increments generated by that tax incremental district to another tax incremental district created by that planning commission if all of the following conditions are met:
 - a. The donor tax incremental district, the positive tax increments of which are to be allocated, and the recipient tax incremental district have the same overlying taxing jurisdictions.
 - b. The allocation of tax increments under this paragraph is approved by the joint review board.
2. The allocation of tax increments under this paragraph may be used by the recipient district only if one of the following applies:
 - a. The project costs in the recipient district are used to create, provide, or rehabilitate low-cost housing or to remediate environmental contamination.
 - b. The recipient district was created upon a finding that not less than 50 percent, by area, of the real property within the district is blighted or in need of rehabilitation.
3. The allocation of positive tax increments from a donor district to one or more recipient districts cannot be made unless the donor district has first satisfied all of its current-year debt service and project cost obligations.
4. No city may request or receive under sub. (7) (am) 2. an extension for the life of a donor tax incremental district.

The City of Racine created Tax Incremental District Number Two (TID #2) and approved a project plan for the district on June 24, 1983. The City invested \$6,969,258.00 to provide shoreland protection, construct a marina and bulkhead, and create a park area and pedestrian walkway along Christopher Columbus Causeway. The increase in equalized assessed value (EAV) in the district, as certified by the Wisconsin Department of Revenue, as of January 1, 2007 is \$48,195,800.00. This increase in EAV has allowed the City of Racine to collect sufficient funds to retire the debt incurred to carry out activities in TID #2.

In October 2001, the project plan for TID #2 was amended to allow the sharing of its increment with TIDs Nos. 3, 5, 6, and 8.¹ The amendment provided for increment sharing for a five year period. The circumstances that existed in 2001 have continued for TID #2 and for three of the recipient districts. The purpose of this project plan amendment is to allow the City of Racine to continue to allocate positive future tax increments generated by TID #2 to other tax incremental districts. The estimated amount of positive tax increments to be generated over the three year period is \$3,346,542.29. This amount includes exempt computer aids and interest income. At the end of the third year, TID #2 will have reached the end of its maximum life under the Tax Increment Law and will be closed out.

¹ The amendment was approved by the City Plan Commission on October 10, 2001, by the Common Council on October 16, 2001, and by the Joint Review Board on October 31, 2001.

The City of Racine created Tax Incremental District Number Five (TID #5) and approved a project plan for the district on September 17, 1985. The City invested \$1,859,170.00 to provide the infrastructure needed for a 69 acres industrial park, now known as the Olsen Industrial Park. The increase in equalized assessed value (EAV) in the district, as certified by the Wisconsin Department of Revenue, as of January 1, 2007 is \$19,261,100.00. This increase in EAV has allowed the City of Racine to collect sufficient funds to retire the debt incurred to carry out activities in TID #5.

The City of Racine created Tax Incremental District Number Seven (TID #7) and approved a project plan for the district on March 21, 1989. The City invested \$8,243,169.00 to provide shoreline protection and pedestrian walkways, provide the infrastructure needed, and develop public parking to support the redevelopment of a former industrial area as the residential and commercial area now known as Gaslight Point. The increase in equalized assessed value (EAV) in the district, as certified by the Wisconsin Department of Revenue, as of January 1, 2007 is \$43,578,200.00. This increase in EAV has allowed the City of Racine to collect sufficient funds to pay the annual debt service for TID #7 and have excess increment available for sharing with other districts.

TID #2, TID#5 and TID#7, the donor districts, have satisfied or currently meet all debt service and project cost obligations.

Recipient Districts

The City of Racine created Tax Incremental District Number Three (TID #3) and approved a project plan for the district on June 24, 1983. The City invested \$2,058,211.00 in the district to construct the Shoop parking ramp. The increase in EAV in the district as of January 1, 2007 is \$2,975,800.00, short of the amount estimated when the district was created. The annual tax increment generated by TID #3 is insufficient to pay its debt service and donation from another tax incremental district is needed.

The City of Racine created Tax Incremental District Number Six (TID #6) and approved a project plan for the district on March 3, 1987. The project plan was amended on December 7, 1993. The City invested \$3,903,642.00 to construct the Lake Avenue parking ramp, and upgrade streets, sewer and water mains. The increase in EAV as of January 1, 2007 is \$19,675,700.00, short of the amount estimated when the district was created. The annual tax increment generated by TID #6 is insufficient to pay its debt service and a donation from another tax incremental district is needed.

The City of Racine created Tax Incremental District Number Eight (TID #8) and approved a project plan for the district on July 17, 1990. The City invested \$10,133,424.00 in a multi-faceted redevelopment program including street and parking improvements, selected property acquisition and clearance, and building rehabilitation on the State Street Corridor. The increase in EAV as of January 1, 2007 is \$22,571,250.00, short of the amount projected when the district was created. The annual tax increment generated by TID #8 is insufficient to pay its debt service and a donation from another tax incremental district is needed.

Table One summarizes the information presented above. Figures One through Three show the locations of the donor districts. Figures Four through Six show the locations of the recipient districts.

The donor and the recipient districts all have the same overlying taxing jurisdictions, namely, the City of Racine, Racine County, Racine Unified School District and Gateway Technical College District.

The creation of all of the recipient districts included a finding that not less than 50 percent, by area, of the real property within each district was blighted or in need of rehabilitation.

Allocation Plan

This amendment to the project plans for TID #2, TID#5 and TID#7 allows the City of Racine to allocate positive tax increments generated by TID #2, TID#5 and TID#7 to TID #3, TID #6, and TID #8 as provided in the Tax Increment Law.

The Tax Increment Law allows the positive tax increments to be allocated for a period of five years with an option to continue for five additional years, but not longer than the maximum life of the donor TID. Under the current law, TID #2 must close in 2009. Table Two shows the proposed anticipated allocation through 2011.

Table One
 Summary of Characteristics for Selected Tax Incremental Districts,
 City of Racine

<u>District No.</u>	<u>Dated Created</u>	<u>Capital Expenditures</u>	<u>Increase in EAV²</u>	<u>2008 Tax Increment</u>
Two	June 24, 1983	\$6,969,258.00	\$48,195,800.00	\$1,064,117.32
Three	June 24, 1983	2,058,211.00	2,975,800.00	65,702.83
Five	Sept. 17, 1985	1,859,170.00	19,261,100.00	425,266.73
Six	March 3, 1987	3,903,642.00	19,675,700.00	434,420.70
Seven	March 21, 1989	8,243,169.00	43,578,200.00	962,165.11
Eight	July 17, 1990	10,133,424.00	22,571,250.00	498,351.68

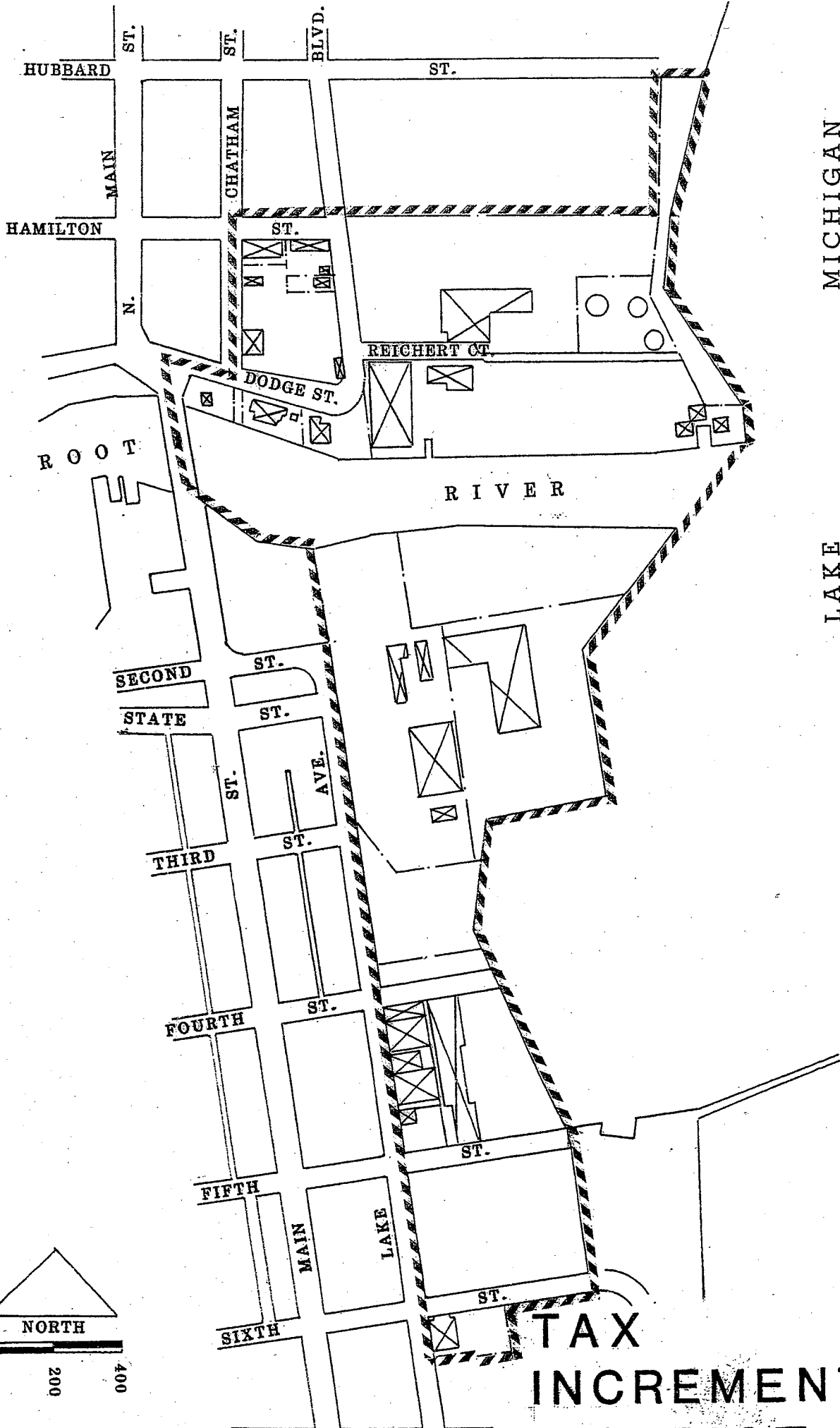
² As of January 1, 2007

Sharing

Year TIF Must Dissolve Debt Service Through	TIF 2 2009 done 333 Lake Av	TIF 3 2010 done JT/Shoop	TIF 5 2012 done Olsen	TIF 6 2014 2011 Downtown	TIF 7 2016 2012 Gaslight	TIF 8 2017 2012 State Street	Totals
Balance 12-31-2005	0.00	(573,683.33)	(223,731.45)	(4,652,493.48)	(197,978.09)	(2,126,176.62)	(7,774,062.97)
2006 Real Estate Tax	993,579.73	32,291.24	406,347.54	279,022.40	881,269.24	464,815.20	3,057,325.35
2006 Exempt Computers	977.00	4,306.00	3,982.00	10,468.00	9,874.00	12,787.00	42,394.00
2006 Other Revenue	46,708.71	1,637.24	83,634.63	13,331.02	41,696.51	22,165.14	209,173.25
2006 Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TIF 2 sharing	(1,041,265.45)	122,765.52	0.00	573,520.68	0.00	344,979.25	0.00
2006 Interest on Advance	0.00	(26,412.38)	(10,300.60)	(214,200.80)	(9,114.91)	(63,154.09)	(323,182.78)
2006 S.A. Interest on Advance	0.00	0.00	0.00	0.00	0.00	(40,000.00)	(40,000.00)
2006 Trns to Debt Service	0.00	0.00	0.00	(368,930.00)	(743,900.00)	(741,592.50)	(1,854,422.50)
Balance 12-31-2006	(0.01)	(439,095.71)	259,932.12	(4,359,282.18)	(18,153.25)	(2,126,176.62)	(6,682,775.65)
2007 Real Estate Tax	1,025,171.69	39,840.75	416,545.83	382,437.63	923,973.27	481,201.48	3,269,170.65
2007 Exempt Computers	1,451.00	8,367.00	9,729.00	10,195.00	8,482.00	26,945.00	65,169.00
2007 Other Revenue	49,596.86	1,756.00	32,529.12	15,092.85	44,831.27	22,318.51	166,124.61
2007 Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TIF 2 sharing	(1,076,219.54)	85,036.25	0.00	717,173.75	0.00	274,009.54	0.00
TIF 5 sharing	0.00	0.00	(718,736.07)	326,868.04	0.00	391,868.03	0.00
TIF 7 sharing	0.00	0.00	0.00	115,790.62	(231,581.24)	115,790.62	0.00
2007 Interest on Advance	0.00	(20,800.68)	0.00	(206,506.46)	(859.96)	(64,978.48)	(293,145.58)
2007 S.A. Interest on Advance	0.00	0.00	0.00	0.00	0.00	(40,000.00)	(40,000.00)
2007 Trns to Debt Service	0.00	0.00	0.00	(380,730.00)	(726,692.09)	(699,496.05)	(1,806,918.14)
Balance 12-31-2007	0.00	(324,896.39)	0.00	(3,378,960.75)	0.00	(1,618,517.97)	(5,322,375.11)
2008 Real Estate Tax	1,064,117.32	65,702.83	425,266.73	434,420.70	962,165.11	498,351.68	3,450,024.37
2008 Exempt Computers	1,252.67	6,159.33	5,590.00	10,370.33	8,325.67	16,690.00	48,388.00
2008 Other Revenue	45,139.73	3,044.80	18,255.40	18,845.80	41,119.69	21,822.32	148,227.73
2008 Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TIF 2 sharing	(1,110,509.71)	60,093.04	0.00	745,880.80	0.00	304,535.87	0.00
TIF 5 sharing	0.00	0.00	(449,112.13)	192,056.06	0.00	257,056.07	0.00
TIF 7 sharing	0.00	0.00	0.00	126,230.24	(252,460.48)	126,230.24	0.00
2008 Interest on Advance	0.00	(13,765.86)	0.00	(161,922.01)	0.00	(58,119.87)	(233,807.74)
2008 S.A. Interest on Advance	0.00	0.00	0.00	0.00	0.00	(40,000.00)	(40,000.00)
2008 Trns to Debt Service	0.00	0.00	0.00	(363,175.00)	(759,150.00)	(743,280.00)	(1,865,605.00)
Balance 12-31-2008	0.00	(203,662.25)	0.00	(2,376,253.83)	0.00	(1,235,231.67)	(3,815,147.75)
2009 Real Estate Tax	1,078,950.60	66,618.69	431,194.74	440,476.32	975,577.23	505,298.47	3,498,116.05
2009 Exempt Computers	1,226.89	6,277.44	6,433.67	10,344.44	8,893.89	18,807.33	51,983.67
2009 Other Revenue	40,366.23	2,724.13	16,354.17	16,847.17	36,789.69	19,585.83	132,667.23
2009 Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TIF 2 sharing	(1,120,543.73)	59,379.73	0.00	763,002.49	0.00	298,161.50	0.00
TIF 5 sharing	0.00	0.00	(453,982.58)	194,491.29	0.00	259,491.29	0.00
TIF 7 sharing	0.00	0.00	0.00	135,230.40	(270,460.81)	135,230.41	0.00
2009 Interest on Advance	0.00	(7,610.86)	0.00	(110,059.98)	0.00	(51,261.26)	(168,932.10)
2009 S.A. Interest on Advance	0.00	0.00	0.00	0.00	0.00	(39,791.87)	(39,791.87)
2009 Trns to Debt Service	0.00	0.00	0.00	(374,450.00)	(750,800.00)	(750,800.00)	(1,876,050.00)
Balance 12-31-2009	0.00	(76,273.11)	0.00	(1,300,371.69)	0.00	(840,509.97)	(2,217,154.78)
2010 Real Estate Tax		67,552.88	437,241.31	446,653.04	989,257.59	512,384.18	2,453,089.01
2010 Exempt Computers		6,934.59	7,250.89	10,303.26	8,567.19	20,814.11	53,870.04
2010 Other Revenue		2,411.16	14,388.21	14,791.68	32,299.59	17,259.63	81,150.26
2010 Expenses		0.00	0.00	0.00	0.00	0.00	0.00
TIF 5 sharing		0.00	(458,880.42)	196,940.21	0.00	261,940.21	0.00
TIF 7 sharing		0.00	0.00	144,562.18	(289,124.37)	144,562.19	0.00
2010 Interest on Advance		0.00	0.00	(60,507.97)	0.00	(47,726.29)	(108,234.26)
2010 S.A. Interest on Advance		0.00	0.00	0.00	0.00	0.00	0.00
2010 Trns to Debt Service		0.00	0.00	(339,600.00)	(741,000.00)	(741,000.00)	(1,821,600.00)
Balance 12-31-2010		625.52	0.00	(887,229.30)	0.00	(672,275.95)	(1,558,879.73)

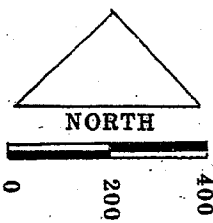
Sharing

Year TIF Must Dissolve Debt Service Through	TIF 2 2009 done 333 Lake Av	TIF 3 2010 done JT/Shoop	TIF 5 2012 done Olsen	TIF 6 2014 2011 Downtown	TIF 7 2016 2012 Gaslight	TIF 8 2017 2012 State Street	Totals
2011 Real Estate Tax			443,408.82	452,953.30	1,003,211.56	519,611.62	2,419,185.30
2011 Exempt Computers			6,424.85	10,339.35	8,595.58	18,770.48	44,130.26
2011 Other Revenue			12,311.95	12,680.32	27,693.16	14,735.52	67,420.95
2011 Expenses			0.00	0.00	0.00	0.00	0.00
TIF 5 sharing			(462,145.62)	198,572.81	0.00	263,572.81	0.00
TIF 7 sharing			0.00	142,375.15	(284,750.30)	142,375.15	0.00
2011 Interest on Advance			0.00	(39,853.96)	0.00	(35,749.73)	(75,603.69)
2011 S.A. Interest on Advance			0.00	0.00	0.00	0.00	0.00
2011 Trns to Debt Service			0.00	(345,262.50)	(754,750.00)	(754,750.00)	(1,854,762.50)
Balance 12-31-2011			0.00	(455,424.83)	0.00	(503,710.10)	(959,134.93)
2012 Real Estate Tax			449,699.67	459,379.57	1,017,444.61	526,983.60	2,453,507.45
2012 Exempt Computers			6,703.14	10,329.02	8,685.55	19,463.98	45,181.68
2012 Other Revenue			10,209.73	10,507.38	22,954.53	12,224.03	55,895.68
2012 Expenses			0.00	0.00	0.00	0.00	0.00
2012 Interest on Advance			0.00	(22,913.90)	0.00	(25,448.09)	(48,361.99)
2012 S.A. Interest on Advance			0.00	0.00	0.00	0.00	0.00
2012 Trns to Debt Service			0.00	0.00	(740,600.00)	(740,600.00)	(1,481,200.00)
Balance 12-31-2012			466,612.54	1,877.24	308,484.69	(711,086.59)	65,887.88
2013 Real Estate Tax				465,934.36	1,031,962.31	534,503.02	2,032,399.69
2013 Exempt Computers				10,323.87	8,616.11	19,682.86	38,622.84
2013 Other Revenue				8,272.61	18,074.85	9,626.21	35,973.66
2013 Expenses				0.00	0.00	0.00	0.00
2013 Interest on Advance				0.00	0.00	(23,362.22)	(23,362.22)
2013 S.A. Interest on Advance				0.00	0.00	0.00	0.00
2013 Trns to Debt Service				0.00	0.00	0.00	0.00
Balance 12-31-2013				486,408.08	1,367,137.96	(170,636.73)	1,682,909.31
2014 Real Estate Tax				472,620.25	1,046,770.37	542,172.83	2,061,563.45
2014 Exempt Computers				10,330.75	8,632.41	19,305.77	38,268.93
2014 Other Revenue				8,388.86	18,332.35	9,752.88	36,474.09
2014 Expenses				0.00	0.00	0.00	0.00
2014 Interest on Advance				0.00	0.00	0.00	0.00
2014 S.A. Interest on Advance				0.00	0.00	0.00	0.00
2014 Trns to Debt Service				0.00	0.00	0.00	0.00
Balance 12-31-2014				977,747.94	2,440,873.09	400,594.75	3,819,215.78

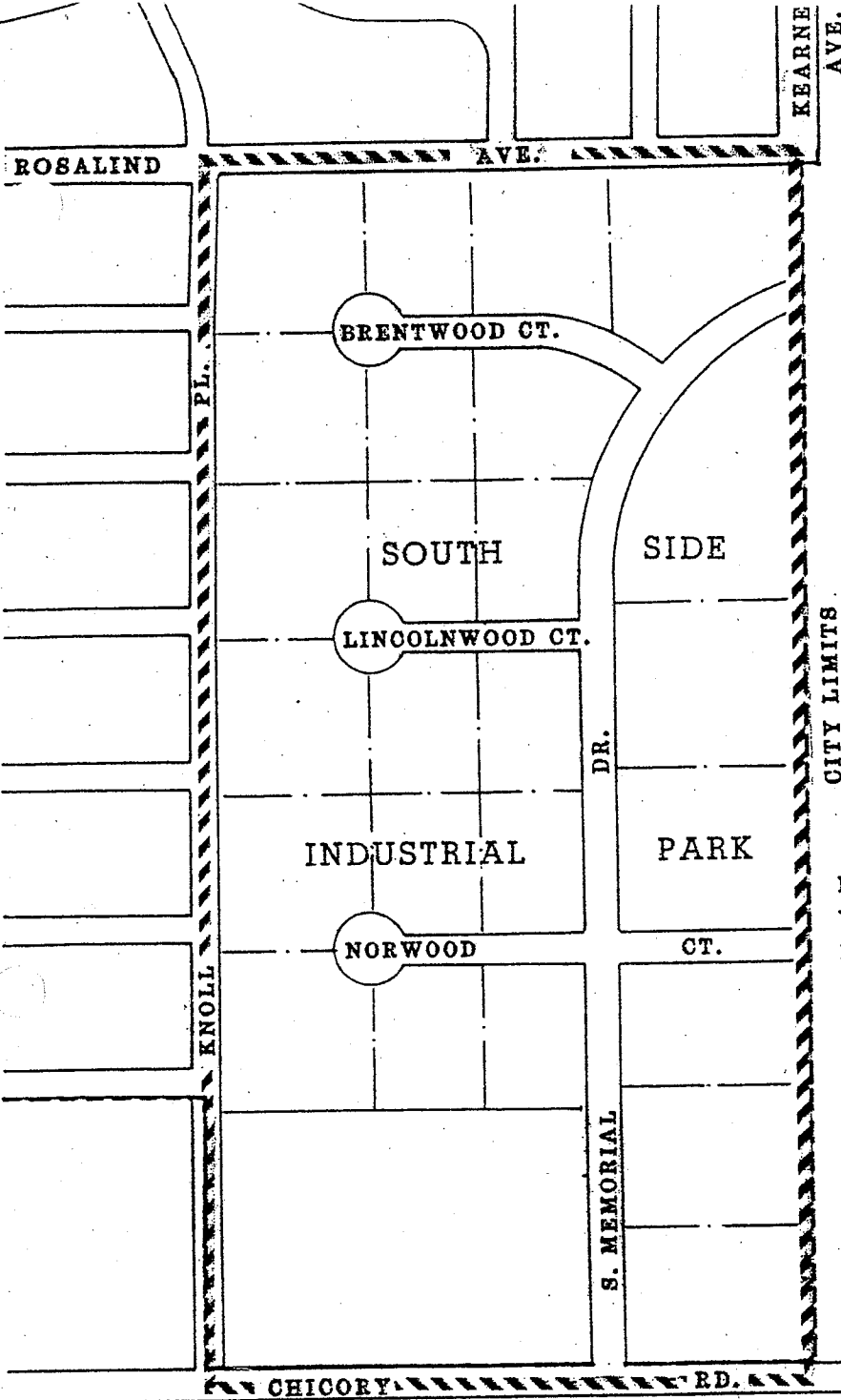


MICHIGAN

LAKE

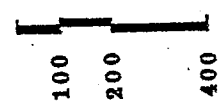
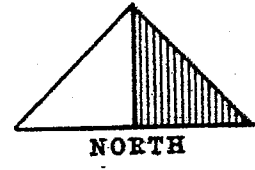


**TAX
INCREMENTAL
DISTRICT NO. 2**

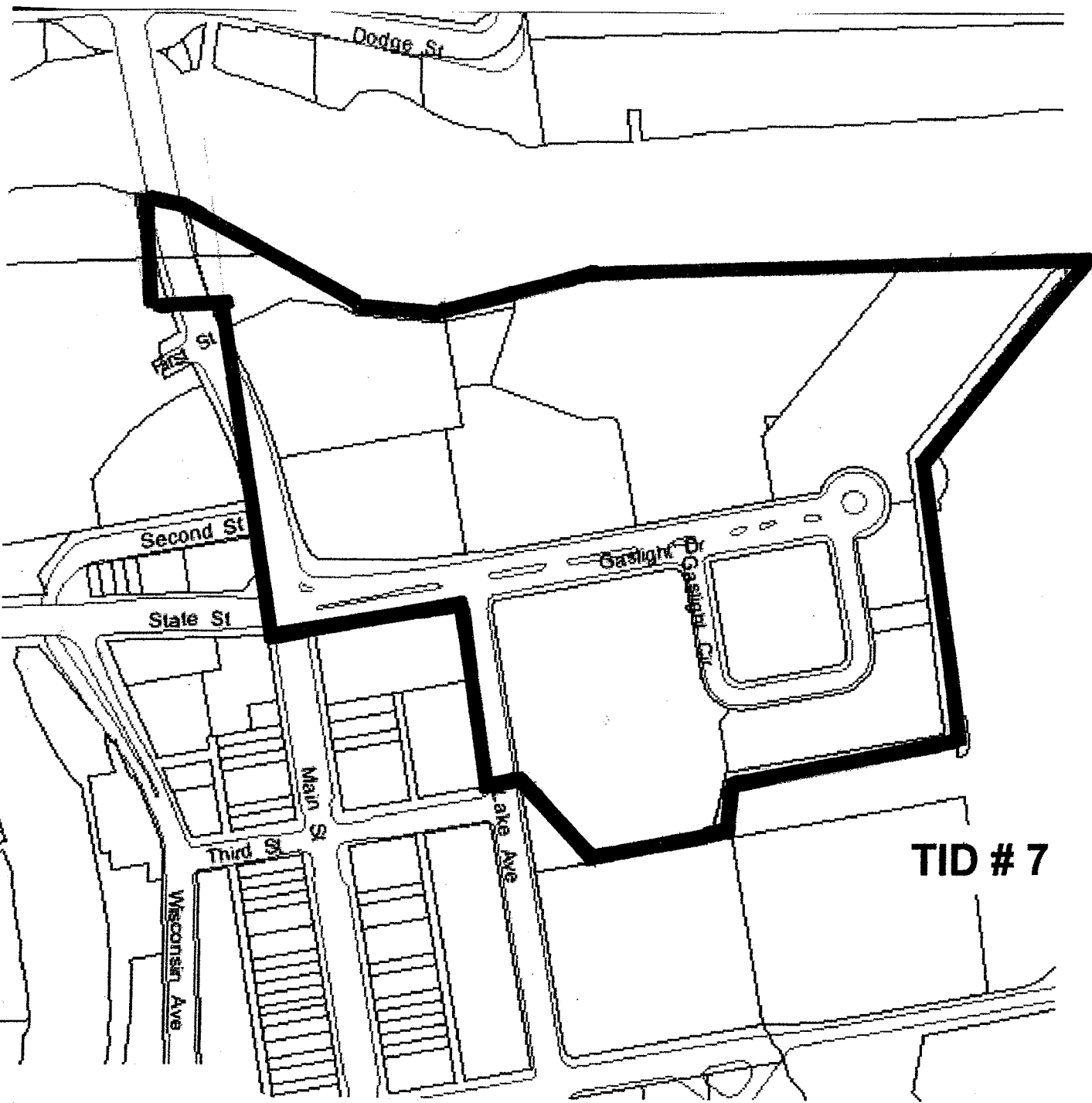


----- T.I.D. BOUNDARIES

NOTE: SOUTH SIDE INDUSTRIAL PARK IS VACANT, CITY OWNED AND ZONED FOR INDUSTRIAL USE.



TAX INCREMENTAL DISTRICT NO.5



TID # 7

CARLE ST.

RIVER

ROOT

AVE.

ST.

THIRD ST.

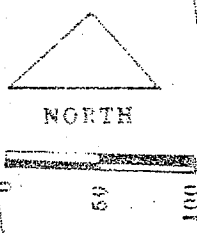
TAX
INCREMENTAL
DISTRICT
NO. 3

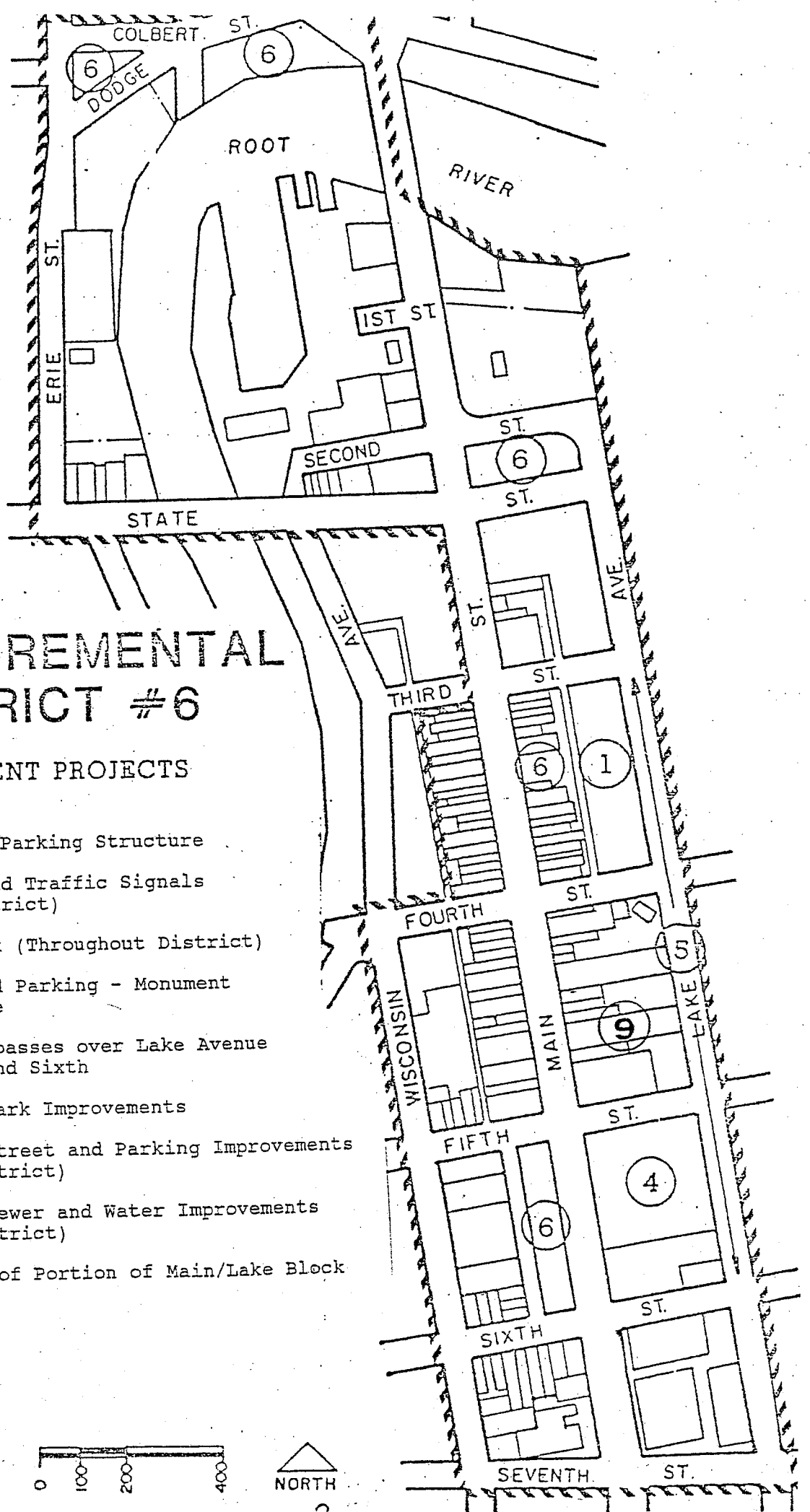
WISCONSIN

FOURTH ST.

WATER ST.

MAIN

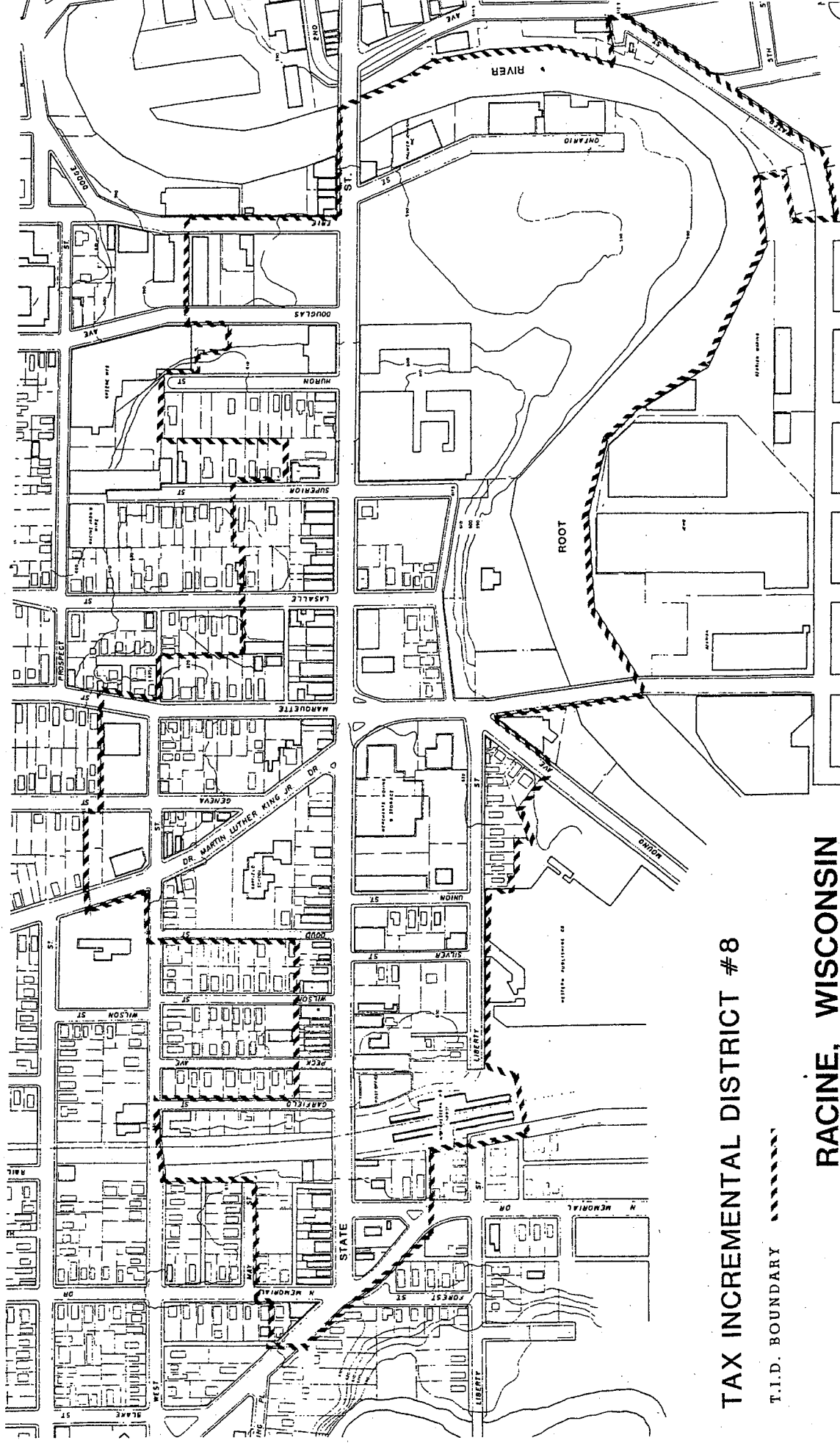




TAX INCREMENTAL DISTRICT #6

PUBLIC IMPROVEMENT PROJECTS

1. 300 Lake Avenue Parking Structure
2. Street Lights and Traffic Signals (Throughout District)
3. Streetscape Work (Throughout District)
4. Public Plaza and Parking - Monument Square East Site
5. Pedestrian Overpasses over Lake Avenue between Third and Sixth
6. Miscellaneous Park Improvements
7. Miscellaneous Street and Parking Improvements (Throughout District)
8. Miscellaneous Sewer and Water Improvements (Throughout District)
9. Rehabilitation of Portion of Main/Lake Block



TAX INCREMENTAL DISTRICT #8

T.I.D. BOUNDARY

RACINE, WISCONSIN