



## Frequently Asked Questions Tax Incremental Districts (TID)

### 1. Why did I receive this notice/is my property in a proposed TID?

You have received this notice because your property falls within the boundaries of a proposed TID.

### 2. What is a Tax Incremental District (TID)?

A TID is financial tool that the City can use to grow the tax base, facilitate redevelopment and improve its neighborhoods and public infrastructure. When a TID is created, the existing value of the property within it becomes its base value. Property taxes paid on that base value continue to flow to the City, Racine County, the Racine School District and Gateway Technical College to fund their operations. By making investments in the TID area, the City hopes to preserve and grow property values. To the extent values do increase the additional taxes collected are used to repay the costs incurred and to make further investment. Once that investment is recovered, and subject to certain time limitations, the TID must close and all taxes collected then flow to the various taxing jurisdictions. The basic premise of tax incremental financing is that “but for” the creation of the TID values in the area would not otherwise increase, or increase to the levels made possible by the TID. The City has no other source of funding to make improvements in the neighborhood areas to be included within the TID. As such, “but for” creation of the TID, no investment in programs or improvements to support the area will be possible.

### 3. Will my taxes increase differently if my property is in a TID?

Being located in a TID does not automatically increase your property value or your taxes. The Wisconsin State Constitution requires uniform taxation of property and properties located within a TID must be valued using the same approach as properties located outside of a TID. The City’s objective in creating the TID is to preserve and increase property values over time, but the impact on an individual property will be a function of whether improvements are made as well as general market conditions. For example, a property owner that takes advantage of the TID funded programs might see an increase in their property assessment depending on the nature of the improvements made. Improvements made to individual properties may over time increase values more generally within neighborhood areas if demand for housing in those areas results in increased sale prices. It is important to remember that any property owner that improves their property may see an increased assessment. Being located in a TID simply impacts how the additional taxes are allocated, and provides a potential means to assist with the cost of the improvements.





#### 4. Do TID's result in less funding for the City, County, Technical Colleges and Schools?

The premise of tax incremental financing is that the increased property valuation and taxes would not otherwise occur. If that is the case, there is no loss in funding as the increased taxes would never have been realized. This holds true for the City, Racine County and Gateway Technical College. Schools are similarly not impacted by TIDs due to how school funding formulas work. School districts are subject to revenue limitations with revenues coming from a combination of property taxes and State aids. As property values increase, aid payments decrease, except that any value growth within TIDs is discounted. The reduction in aids due to property value growth within a TID does not occur until the TID closes, and at that time the increased taxes become available to the school district making it revenue neutral.

#### 5. What are taxation rates based on?

- New development in the City (adds taxable value);
- The total dollars a city, village, town, or county approves/desires as an operating budget;
- The mill (tax) rate property is taxed at; and
- The assessed value of a property

Assuming the operating budget remains generally the same, as assessed values increase, the rate at which taxes are collected will decrease. The tax rate is based on the total operating budgets as adopted by taxing entities (City, County, RUSD, and Gateway)

#### 6. Where do my taxes go now and what happens once a TID is established?

For one and two unit dwellings in this area, the average assessed value is \$130,000. Using a 2020 tax bill for that average home in good condition, the total taxes owed were **\$3,588.03**; The table below shows where those dollars currently go in the base year (2021).

<b>Taxing Authority</b>	<b>Amount Owed</b>
Gateway Technical College	\$107.66
City of Racine	\$1984.99
County of Racine	\$425.82
Racine Unified School District	\$1069.56
Total taxes paid	\$3,588.03

Should the TID be established, the dollars in those amounts will continue to go to the taxing jurisdictions on this property; the amounts the taxing jurisdictions receive, are frozen.





Assuming current market trends continue (10% increase in home value) the \$130,000 home is now worth **\$143,000** in year 10 and is taxed on this value. If no change in taxation rate occurs from any taxing jurisdiction, below is a table showing a property in a TID and not in a TID after 10 years and where the tax dollars go.

<b>Taxing Authority</b>	<b>Home in TID</b>	<b>Home not in TID</b>
Gateway Technical College	\$107.66	\$118.43
City of Racine	\$1984.99	\$2,183.49
County of Racine	\$425.82	\$468.40
Racine Unified School District	\$1069.56	\$1176.52
<b>TID Increment</b>	<b>358.81</b>	N/A
Total taxes paid	\$3,946.84	\$3,946.84

The total taxes paid is the same regardless of TID status.

## **7. What will the TID funds (TID increment) be utilized for?**

Funding for residential homeowner repair and renovation loans and homeownership incentives. Public infrastructure and public facilities improvements to include: resurfacing of existing roadways; preservation of historic roadway surfaces; curb and gutter repair, installation of ADA-compliant crosswalk ramps; installation, replacement or repair of storm water or sanitary sewers; and installation or repair of broadband internet infrastructure. The City expects to fund Project Costs on a cash basis as tax increments are collected.

## **8. Do TID's already exist in other places of the City?**

Yes, the City has other TID's which are currently open and has several which have successfully closed. The first TID was established in Racine in 1980 and the most recent TID (#26) was established in 2021. You can [view current TID plans online](#).

## **9. Does this stop me from selling or renting my property?**

No, you are still able to sell or rent your property regardless of if this is approved.

## **10. Is this shutting my business down or will I have to move?**

No, a TID does not require you to change anything about your property or how you currently use it.

## **11. Who is my Alderman on the Common Council?**

Your Alderman and their contact information can be found on the [City's website](#).





### 12. How can I support/oppose this proposal?

Comments may be submitted to the Department of City Development by fax at (262) 635-5347, via email at [citydevelopment@cityofracine.org](mailto:citydevelopment@cityofracine.org) or mailing to Department of City Development, 730 Washington Avenue, Racine, WI 53403. Written comments regarding the proposal may be submitted until 12:00 p.m. (noon) on Wednesday August 25, 2021. Any comments will be entered into the permanent record.

Those wishing to speak during the hearing may do so by signing up by 12:00 p.m. (noon) on Wednesday August 25, 2021. Those wishing to speak may sign up by emailing [citydevelopment@cityofracine.org](mailto:citydevelopment@cityofracine.org) with a name and contact phone number or calling (262) 636-9151 and leaving a name and phone number. Comments are limited to three minutes in length and you will be called at the number you leave during the 4:30 PM public hearing. Please be aware that the Commission public hearing is not a question and answer format.

Note, City staff does not vote on the proposal and cannot stop the proposal from going forward. Written comments in advance are entered into the permanent record and those who make comments during the public hearing are added into the permanent record.

### 13. How can I ask another question?

Emailing [citydevelopment@cityofracine.org](mailto:citydevelopment@cityofracine.org) or calling (262) 636-9151 with your question, contact information, and what address your property is; all of this information is important so staff can research your question and provide you with an answer. A staff member will respond to your inquiry as soon as possible.

