

Wisconsin Institute for Law & Liberty: City claims completed building would not be built without a new TIF district

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January 16, 2018 – Eau Claire, WI – On behalf of Voters With Facts, an Eau Claire volunteer organization, and multiple individuals whose taxes will be affected, the Wisconsin Institute for Law & Liberty filed a notice of claim with the City of Eau Claire on Friday, challenging the legality of newly-created Tax Incremental District (TID) #12. The challenge comes as the Wisconsin Supreme Court is set to review the legality of Eau Claire TIDs #8 and #10.

Tax incremental financing is an extraordinary mechanism that cities may use only in precisely limited situations. Cities are allowed to create TIDs, borrow money to pay for improvements within the TID to encourage new development, and then dedicate the taxes paid on that new development to repaying the loans. Among many other requirements, a TID can only be created if the new development within the TID wouldn't occur unless a TID is created. In other words, if new projects would happen in the area anyway, then creating a TID is not only unnecessary, it is not allowed. Those new projects should be placed on the ordinary tax rolls like any other property.

Eau Claire is claiming that without TID #12, the Aspenson Mogensen Hall, at 222 Water Street, would not be built. But the Hall is already built. The building was

completed in 2017 and UW-Eau Claire students had already moved into the upper-floor apartments before city government approved TID #12.

“It is unlawful to approve a TID project plan that relies on ‘incremental’ tax revenue from property that was fully developed before the TID was enacted,” explained Rick Esenberg, President and General Counsel of WILL. “Capturing existing developments in a TID removes the property from the allocable tax base, and burdens other taxpayers with taxes that would otherwise be allocated to the new property.”

A copy of the notice of claim can be found [here](#). More information about VWF’s and WILL’s challenge to TIDs #8 and #10 can be found [here](#).