



CITY OF JANESVILLE

Wisconsin's Park Place

Tax Incremental Financing Incentive Guidelines

Janesville TIF incentives are based on two operating guidelines: (1) for new construction either on a green field site or the expansion of an existing facility with the resulting new tax increment or (2) for the leasing of existing manufacturing or distribution space. Note: TIF incentive proposals are project specific and will include additional considerations involving the number and quality of jobs created, jobs retained, type of business etc. Additionally, all TIF incentive proposals are subject to final approval by the City Council during an open session public meeting.

1. Creation of New taxable industrial or distribution oriented real property.

Janesville's overall policy for this type of development scenario is to provide a financial incentive investment of up to 10-years worth of future property taxes generated as a result of the corresponding development (excluding internal costs, such as interest, infrastructure improvements etc.). This is a potentially forgivable working capital loan based on a term of 10 years at an interest rate equal to the City's cost of borrowing (anywhere from 2% to 4%). Based on the signed development contract, on an annual basis the loan recipient would be contracted to confirm the following:

- Confirm the new tax increment's property taxes generated can cover the annual debt service (principle plus interest) of the loan.
- Confirm projected or retained employment levels are consistent with those specified in the development contract.

If these two conditions are met, the annual debt service for that year is forgiven. This continues on an annual basis for the balance of the 10 years. If the two conditions are met annually, this loan could then become a grant. If not, the gaps will be reflected in pro-rated payments to the City to cover the annual debt service for that year. Please see employment example below.

2. Leasing of manufacturing or distribution center space with accompanying job creation or retention

The City of Janesville has utilized tax increment financing to provide incentives to companies that lease existing buildings and create jobs for Janesville area residents. The Janesville City Council has approved an incentive policy equal to 10% of the Living Wage Salary Index multiplied by the number of new Living Wage Equivalent jobs. Living Wage Equivalent Jobs (LWE) are considered jobs that pay a livable wage, as established by the Living Wage Index based on a family of 2 adults and 2 children (Currently \$18.50 per hour). For those jobs that pay less than the LWE, 5% of the Living Wage Salary Index multiplied by the number of new jobs can

be granted. For example, if a business employs 20 new people, all meeting the LWE, the incentive would be a minimum of a \$76,960 forgivable loan amortized at an interest rate equal to the City's cost of borrowing (anywhere from 2% to 4.0%) over 10 years. The loan proceeds can be used for working capital purposes at the Janesville location.

For each year the company employs an average of 20 or more fulltime workers, the City would forgive that year's debt service payment. If employment fell to an average of 40 jobs (or 80% of the employment guarantee), the City would then forgive 80% of the debt service payment and the company would need to repay the remaining 20% for that year. If the company continued to employ 20 or more workers over the 10-year life of the TIF loan, the loan could then be forgiven and would become a grant.

For further information about these local Tax Increment Financing incentives or any other development related questions within the City of Janesville, please contact:

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