



# JERRY PETROWSKI

WISCONSIN STATE SENATOR

## *Senate Bill 268*

September 5, 2019

Thank you, Mr. Chairman and members of the committee, for the opportunity to provide testimony today on Senate Bill 268, which extends the maximum life and the expenditure period for Tax Incremental District (TID) #2 in the village of Kronenwetter.

Joining me today is Randy Fifrlick, Community Development Director for the village, who can provide a local perspective on the TID, as well as the impact this bill will have on the village.

Under current law, TID #2 in the village of Kronenwetter was created in November 2004 and, having a maximum life of 20 years, is set to end in November 2024. In general, a city or village may not make expenditures for project costs in the TID later than five years before the termination of the TID. In this case, that expenditure window is rapidly closing as we approach the deadline later this fall.

As you will hear from Mr. Fifrlick, this TID is a vital part of the economic development efforts for the village. The TID sits directly adjacent to Interstate 39 and provides the only direct access to the village from the Interstate via Maple Ridge Road. While the recession greatly impacted new development here as it did elsewhere, we believe that growth in the TID is gaining traction and the village is poised to make additional infrastructure improvements that will help to attract new industrial and commercial development to the TID. For that reason, we seek to extend the expenditure period and the maximum life of the TID for an additional five years to capitalize on this opportunity.

Thank you again for the opportunity to speak on this bill. I would be happy to answer any questions you may have.

29TH SENATE DISTRICT

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# SENATE BILL 268



## Issue:

The expenditure period for Village of Kronenwetter Tax Increment District #2 (TID #2) will end in November of 2019 and the Village is still trying to actively develop the area.

## Background:

TID #2 is a mixed used district that was created in 2004 and amended several times since. Located in the southwestern portion of the Village, the district is adjacent to Interstate 39 and provides the only direct access to the Village from Interstate 39 at Maple Ridge Road (Exit 181).

The history of TID #2 has seen many ups and downs. In the early years, after the water, sewer and roadway improvements were installed, development was happening at a steady pace. New single family homes and a multi-family apartment complex were constructed adding 15 million dollars of assessed value to the District by 2010. Eventually the effects of the recession caught up with the private Developer and the Village was forced to put in a draw on the letter of credit held by the Developer's financial institution. After a disagreement on the terms of the Development Agreement the Village brought litigation against the financial institution.

Due to this litigation, as well as the struggles felt by the housing market caused by the recession, the District had very limited activity until May of 2014 when the Village won the lawsuit. In August of 2015, the Village purchased 40 single family home lots and six industrial lots from the financial institution. *This created an almost 6 year window in TID #2's timeline that saw limited to no activity.*

Since taking over the development, the Village has sold off all of the single family home lots to private developers and have seen construction on 98% of the homes. The Village also recruited and worked with private developers to bring in a 106-unit and a 40-unit multi-family project to the District over the past two year that will bring in a total of over \$15 million dollars in assessed value.

With the residential portion of the development complete, the Village has moved on to the industrial and commercial portion of this project. Thankfully, the success of the residential portion has provided the TID with the revenue required to make the necessary improvements to attract industrial and commercial to this area of the Village. *The TID has several infrastructure project remaining in the Project Plan, however based on statutory requirements TID #2 cannot expend any additional investment after 15 years from its creation, which happens to be November 2019.*

## Ask:

Pass Senate Bill 268 that would lengthen the time during which tax increment may be allocated, expenditures for project costs may be made, and extending the maximum life for TID #2 in the Village of Kronenwetter.

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