THE ISSUES

CREDA WISCONSIN PUBLIC POLICY SERIES

The Issues *will be an ongoing series from CREDA Wisconsin's Public Policy Committee and leadership, offering short, plain-spoken briefs that highlight the real challenges facing Wisconsin's commercial real estate industry — and the practical policy work CREDA is doing to address them. Each brief will cover one issue, explain why it matters, and share how CREDA is engaging through advocacy, research, and member input. The goal is to build a living library of reports that members can access, react to, and help shape over time. The Issues will give members, partners, and policymakers a clear window into the problems we're tackling and the progress we're making together.*

The Issues Paper #3 - Tax Incremental Financing

The next mixed use city center, industrial park, and/or housing development often depends on infrastructure and site improvements that must happen before construction can begin. Those costs can determine whether an otherwise viable project moves forward or not. As construction and financing costs rise, closing that gap becomes harder. Developments that worked two years ago simply cannot support the inflationary pressures of new construction and the elevated debt service loads given the higher interest rate environment. The conversation of TIF as a "nice to have", has been replaced with a "must have", for most new developments to even get out of the starter gate.

CREDA addressed these challenges in spring 2026 with its signature white paper, **"TIF in Wisconsin: The State's Most Powerful (and Most Misunderstood) Economic Development Tool."**

The work for 2027 is to turn its key recommendations into action. Communities that have delivered successful development need room for the next investment, financing rules that reflect who carries the risk and a plan for putting available resources to work.

Adjust the 12% Cap.

Wisconsin's general 12% limit can leave a growing community with a new project that could otherwise be workable with no room to create another TIF district. The limit is based on property values, rather than how much the community owes. As existing districts grow in value, they can use up that room even when projects are performing and payments are being made. [1]

Oak Creek illustrates the problem. DOR's 2025 report placed the city above the statutory limit, therefore taking TIF off the table. Oak Creek has been a model community of growth and now they are resigned to waiting for older districts to close to restore TIF capacity. The challenge? Private investment cannot wait and must pursue other areas. [2]

The state of Wisconsin should pursue a higher cap with additional flexibility for communities with a record of attracting private investment, meeting repayment commitments and closing districts on time. Wisconsin should give communities that are delivering results a pathway to continued growth.

Treat PAYGO according to who carries the risk.

Consider two projects. In one, the municipality borrows to build infrastructure and must repay that borrowing. In the other, the developer pays eligible costs upfront and is reimbursed only from the additional property taxes the project actually generates. If those revenues fall short, the developer receives less. That second arrangement is commonly called pay as you go, or PAYGO. The risk profile to the community is completely different, and TIF law should recognize it. [3]

The state should seek separate treatment under the cap for PAYGO agreements where the municipality does not borrow, guarantee repayment or promise to make up a shortfall from other revenues. These projects should use less capacity or qualify for an exemption to the cap. Communities still need both financing options, with corresponding treatment that reflects the actual risks to the community.

Put successful districts to work for the next investment.

A mature district may be knocking it out of the park and collecting more revenue than it needs to meet its remaining commitments. Across town, the next project may sit undeveloped because there is no funding for a road or sewer extension. A donor district can help connect those two situations by transferring available revenue to another eligible district. Wisconsin already allows these transfers, subject to approval and eligibility rules. [4]

Communities should review potential donors three to five years before expected closure. What commitments remain? What revenue is available? Which development projects could move forward with that investment? The state should seek clearer transfer rules and changes to recipient restrictions that stand in the way of worthwhile projects.

Plan TIF before the project arrives and codify the statutory process.

In the development world, time is money. A predictable, engaged path to the ultimate approval of a TIF district creates the certainty that a developer requires to move forward. TIF should be part of community planning: where growth belongs, which roads and utilities are needed, where workers will live and how those improvements will be paid for. That plan should also identify potential donor districts and when existing districts are expected to close. Sharing these priorities gives developers a clearer view of which sites are ready and where public investment may be available. CREDA supports state guidance and infrastructure funding that encourage this work. [3]

Additionally, the movement of local initiatives intended to move TIF's to a referendum process is the surest path to a future in which Wisconsin drives development to other states. The state should codify the current statutory process for approving TIF's which is vested in a plan commission, common council, and joint review board.

CREDA Priorities for 2027-28

1. Adjust the 12% cap. Give successful, financially disciplined communities room for the next investment.
2. Recognize PAYGO risk. Provide different cap treatment when the developer carries the repayment shortfall and the municipality has no repayment backstop.
3. Use donor districts earlier. Connect available revenue to eligible infrastructure that opens employment sites and supports workforce housing.
4. Plan for development & Codify Process. Coordinate TIF capacity, infrastructure and housing before a project reaches the approval stage. Codify current statutory provisions governing process for approving TIF's. Local referendums will kill development.

The Path Forward

Our collective goal should be smart, manageable growth throughout the state of Wisconsin. For those communities that can support development, we want to provide an environment for both the municipality and the developer to build successful projects. Developers, municipal officials, state elected officials, and affected taxing bodies together around these four priorities for 2027. Wisconsin needs to build upon its successful framework of leveraging TIF into a sustainable tax base and community growth.

This brief was authored by Jeff Hoffman, CREDA Wisconsin Public Policy Co-Chair, and was researched through Chat GPT against the sources listed on the next page. **Thank you, Jeff!**

We want to hear from you! If you would like to share additional information, a different perspective, or do you want to be involved in our public policy work? Please contact Jim Villa (jim@credawi.org) at CREDA Wisconsin.

Paper Sources

*This brief was authored by **Jeff Hoffman**, Cushman Wakefield|Boerke Company and CREDA Wisconsin Public Policy Co-Chair, and was researched through Chat GPT against the following sources:*

Authored by Jeff Hoffman, CREDA Wisconsin Public Policy Co-Chair, researched through Chat GPT.
[1] Wisconsin DOR Value Limit FAQ
[2] Wisconsin DOR 2025 TIF Value Limitation Report
[3] Wisconsin DOR Tax Incremental Financing Manual
[4] Wisconsin DOR Allocation Amendments FAQ