

Hilbert TIF No. 1 closes as a success

By Ed Byrne
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HILBERT – If it had been a mortgage, there would have been a mortgage burning on Monday morning at the Hilbert Village Hall.

The occasion was the successful closing of the village's Tax Increment Financing District No. 1.

It had done everything the village hoped for when it was created 21 years ago.

A tax increment financing district takes property tax revenues from the properties in the district and diverts them for development purposes for a specific period of time.

Then, at the end of the process, the district is dissolved and all of the property goes back on the taxable property rolls – with a lot more value.

In the case of Hilbert TIFD No. 1, the property in the district had a value of \$1,772,900 when the district was created.

Now, the value is \$6,506,400, and

when the district's life ended, there were \$205,755 in surplus funds left over.

At Monday's meeting of the TIFD No. 1 Joint Board of Review, Village Administrator Dennis DuPrey said the surplus would be divided along the four taxing entities that allowed the TIFD to be created: the village, the Hilbert school district, Calumet County and the Fox Valley Technical College district.

The surplus funds left over will be divided based on each taxing entity's share of the total levy in the village.

The school district will get \$88,474; the village \$61,726; the county \$47,323; and FVTC \$8,230.

The TIFD was originally set to mature a year ago, but the village used an option to extend the district for a 21st year, with the funds coming in to go for housing development within the village. That money amounts to \$113,610, which is being put in a reserve account for future use.

TIFD No. 1 includes many prop-

erties within the village.

"It was basically the Main Street downtown area," DuPrey said.

The district runs along Main from Second Street to Eighth Street.

Not all tax increment financing districts are successful, but this one was.

"To make it successful, it has to cash-slow," DuPrey said. "You want to invest funds within that TIF district and gain development which increases the valuation of that district. That increase in valuation is used to pay back the community's investment."

He explained the math in simple terms.

"If you invest \$3 million in this district ... you want to gain enough tax growth from extra development to pay back that \$3 million," he said. "When it cash flows, you are doing that."

If the development sputters and fails, the local government still has to pay that money back – even if that

means going to the taxpayers to make the payments.

"If the TIF district is short [money] at termination, the local municipality has to make up the difference," DuPrey said. "So to have \$200,000 cash on hand at the end of TIFD No. 1, it shows basically that we were careful ... to make sure they will cash flow."

That's why the development in the TIFD almost has to be guaranteed to happen.

TIFD No. 2

DuPrey also gave an update on the village's other tax increment financing district, TIFD No. 2, which matures in 2027.

It encompasses the Sargento Foods property and the initial phase of the Village Meadows Subdivision development on the south side of the Hilbert School District campus.

"We did invest TIFD 2 funds into that subdivision for infrastructure in that first phase," DuPrey said. "Any land for future expansion will be out-

side of the TIF district."

That first phase consists of 14 residential lots over nine acres of former farmland.

Ten lots have been sold or reserved.

"We actually have six houses going up already," DuPrey said. "With the (TIFD) investment in Village Meadows, we did not borrow any funds for it."

Another home is expected to begin construction in July.

The subdivision is essentially across the street from the Sargento production plant and should benefit the company by providing a place for local Sargento employees to live.

The village plans to open up 14 additional lots for sale next year.

The district also includes the West Side Industrial Park on State 114, undeveloped land north to Crosstown Road, the Fox Valley Alfalfa Mill property, and the Fochs Subdivision on the far eastern side of the village.