

Economic Development Planning Terminology Glossary 7

- **Anchor tenant:** the most important tenant in a development project whose lease is usually instrumental in securing financing for a commercial undertaking.
- **Bonds:** interest-bearing certificates of debt issued by a municipal governmental body or a private corporation to finance physical improvements.
- **Business incubator:** a facility dedicated to the start-up and growth of small businesses, accomplished through management and facility support systems. For purposes of this definition, management support systems include access to professional advice, information on small business regulations, management, advertising, promotion, marketing, sales, inventory, employees, labor relations, and financial counseling. Facility support systems include clerical and reception staff, cleaning and building security, and access to copy and facsimile machines, computers, faxes, and other electronic equipment.
- **Capital Improvements Program (CIP):** a city's or a county's proposal of all future development projects and their respective cost estimates listed according to priority.
- **Central Business District (CBD):** the primary, downtown commercial center of a city.
- **Community Development Block Grant:** a grant program administered by the U.S. Department of Housing and Urban Development on a formula basis for entitlement communities, and by the State Department of Housing and Community Development for nonentitled jurisdictions. This grant allots money to cities and counties for housing rehabilitation and community development, including public facilities and economic development.
- **Community development organization:** a local agency for the purpose of planning, developing, re-planning, redesigning, clearing, reconstructing, or rehabilitating all or part of a specified area with residential, commercial, industrial, and/or public (including recreational) structures and facilities. The redevelopment agency's plans must be compatible with adopted community general plans.
- **Enterprise development zone:** zones meeting certain statutorily defined criteria and designated by the state Department of Commerce for providing tax incentives to new or expanding businesses whose projects will affect distressed areas. An enterprise zone is "site specific," applying to only one business, and is eligible for a maximum of \$3.0 million in tax credits. The department can designate up to 79 zones, which can each exist for up to seven years. The department is allowed to vary zone benefits to encourage projects in areas of high distress. (See s. 560.70, Wis. Stats.)

- **Franchise:** a legal agreement by which a manufacturer or chain store grants the exclusive right to sell merchandise it produces or use the firm's name to sell merchandise.
- **Landbanking:** the purchase of land by a local government for use or resale at a later date. Banked lands have been used for development of low- and moderate-income housing, expansion of parks, and development of industrial and commercial centers. Federal railbanking law allows railroads to bank unused rail corridors for future rail use while allowing interim use as trails.
- **Local Business Development Organization (LBDO):** Encourages local commercial or industrial development, prevents conditions of unemployment, and promotes growth.
- **North American Industry Classification System (NAICS):** a classification system developed by the United States, Canada, and Mexico to provide comparable industrial production statistics collected and published in three countries. The NAICS replaces the Standard Industrial Classification (SIC) system and provides for increased comparability with the International Standard Industrial Classification (ISIC) system developed and maintained by the United Nations.
- **Payment In Lieu Of Taxes (PILOT):** payments negotiated between companies and local governments to cushion the blow to public services caused by property tax abatements. Sometimes PILOTs are pegged to cover a specific portion of a company's normal property tax liability, such as the school increment.
- **Property Tax Abatements:** when a local government exempts a company from paying all or some of its property taxes. In dollar terms, tax abatements are often the largest subsidy a company receives, especially property-intensive companies such as manufacturers.
- **Revolving Loan Fund:** a pool of public- and private-sector funds that recycles money as loans are repaid. Funding sources are the Economic Development Administration (EDA), Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Appalachian Regional Commission (ARC), State and local governments, and nonprofit philanthropic foundations.¹
- **Standard Industrial Classification/Standard Industrial Code (SIC):** an industry classification system to facilitate the collection, tabulation, presentation, and analysis of data relating to establishments and to ensure that data about the U.S. economy published by U.S. statistical agencies are uniform and comparable.

¹ USDA. (October 1996). "Are revolving loan funds a better way to finance rural development?" in *Agriculture Information Bulletin No. 724-05*.

- **Tax Increment Financing (TIF):** a local governmental financing of private-sector redevelopment, anticipating the additional revenues of the tax increment. (See s. 66.1105, Wisc. Stats.)
- **Venture Capital:** a high-risk investment, usually in a young company, in which the investor may seek very high rates of return (30% to 40% or more) through interest and/or equity in the company to offset the risk that the company will fail and the investment will be lost. Some states have created publicly-sponsored venture capital funds, sometimes using tax credits to attract capital. Not surprisingly, since they involve small numbers of people seeking to get rich quick, some have dubious histories.