2003 ASSEMBLY BILL 287

April 23, 2003 – Introduced by Representatives J. FITZGERALD and HAHN, cosponsored by Senator S. FITZGERALD. Referred to Committee on Urban and Local Affairs.

1 AN ACT *to amend* 66.1105 (4) (h) 1., 66.1105 (4) (h) 2., 66.1105 (5) (c), 66.1105 (5)

2 (ce), 66.1105 (6) (a) and 66.1105 (7) (ar); and *to create* 66.1105 (4) (h) 5. of the

3 statutes; **relating to:** authorizing the village of Randolph to make a number

4 of changes to Tax Incremental District Number 1.

Analysis by the Legislative Reference Bureau

Under the current Tax Incremental Financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation, or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the district as of a date provided in the resolution. Another step that must be taken before a TID may be created is the creation by the city or village of a joint review board to review the proposal. The joint review board, which is made up of representatives of the overlying taxing jurisdictions of the proposed TID, must approve the project plan within specified time frames or the TID may not be created.

Once these steps are accomplished, the city or village clerk is required to complete certain forms and an application and submit the documents to the Department of Revenue (DOR) on or before December 31 of the year in which the TID

is created. Upon receipt of the application, DOR is required to certify the full aggregate value of the taxable property in the city or village, which constitutes the tax incremental base of the TID.

If an existing TID project plan is amended by a planning commission, all of the steps that are involved in creating a TID are also required in the amendment process. Generally, under current law, a project plan may only be amended once to modify a district's boundaries by adding territory to the TID, and the amendment must occur during the first seven years after the TID is created. A number of exceptions to this general rule exist under current law for a particular city and village.

Also under current law, once a TID has been created, DOR calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

This bill grants the village of Randolph a longer period of time than is otherwise allowed to do the following for the village's TID Number 1:

1. Amend the project plan to add territory to the TID.
2. Make project expenditures.
3. Recover project costs.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1   SECTION 1. 66.1105 (4) (h) 1. of the statutes is amended to read:

2   66.1105 **(4)** (h) 1. Subject to subds. 2., 3. ~~and,~~4., and 5., the planning commission

3 may, by resolution, adopt an amendment to a project plan. The amendment is subject

1　to approval by the local legislative body and approval requires the same findings as

2　provided in par. (g). Any amendment to a project plan is also subject to review by a

3　joint review board, acting under sub. (4m). Adoption of an amendment to a project

4　plan shall be preceded by a public hearing held by the plan commission at which

5　interested parties shall be afforded a reasonable opportunity to express their views

6　on the amendment. Notice of the hearing shall be published as a class 2 notice, under

7　ch. 985.   The notice shall include a statement of the purpose and cost of the

8　amendment and shall advise that a copy of the amendment will be provided on

9　request. Before publication, a copy of the notice shall be sent by 1st class mail to the

10　chief executive officer or administrator of all local governmental entities having the

11　power to levy taxes on property within the district and to the school board of any

12　school district which includes property located within the proposed district. For a

13　county with no chief executive officer or administrator, this notice shall be sent to the

14　county board chairperson.

15　　　　**SECTION 2.** 66.1105 (4) (h) 2. of the statutes is amended to read:

16　　　　66.1105 **(4)** (h) 2. Except as provided in subds. 3. and,4., and 5., not more than

17　once during the 7 years after the tax incremental district is created, the planning

18　commission may adopt an amendment to a project plan under subd. 1. to modify the

19　district's boundaries by adding territory to the district that is contiguous to the

20　district and that is served by public works or improvements that were created as part

21　of the district's project plan. Expenditures for project costs that are incurred because

22　of an amendment to a project plan to which this subdivision applies may be made for

23　not more than 3 years after the date on which the local legislative body adopts a

24　resolution amending the project plan.

25　　　　**SECTION 3.** 66.1105 (4) (h) 5. of the statutes is created to read:

1   66.1105 **(4)** (h) 5. With regard to a village that has a population of less than

2   10,000, was incorporated in 1870, and is located in both Columbia and Dodge

3   counties, not more than twice during the 11 years after the tax incremental district

4   is created, the planning commission may adopt an amendment to a project plan

5   under subd. 1. to modify the district's boundaries by adding territory to the district

6   that is contiguous to the district and that is to be served by public works or

7   improvements that were created as part of the district's project plan. Expenditures

8   for project costs that are incurred because of an amendment to a project plan to which

9   this subdivision applies may be made for not more than 5 years after the date on

10   which the local legislative body adopts a resolution amending the project plan.

11   **SECTION 4.** 66.1105 (5) (c) of the statutes is amended to read:

12   66.1105 **(5)** (c) If the city adopts an amendment to the original project plan for

13   any district which includes additional project costs at least part of which will be

14   incurred after the period specified in sub. (6) (am) 1., the tax incremental base for the

15   district shall be redetermined, if sub. (4) (h) 2., 3. ~~or,~~ 4., or 5. applies to the amended

16   project plan, by adding to the tax incremental base the value of the taxable property

17   that is added to the existing district under sub. (4) (h) 2., 3. ~~or,~~ 4., or 5. or, if sub. (4)

18   (h) 2., 3. ~~or,~~ 4., or 5. does not apply to the amended project plan, under par. (b), as of

19   the January 1 next preceding the effective date of the amendment if the amendment

20   becomes effective between January 2 and September 30, as of the next subsequent

21   January 1 if the amendment becomes effective between October 1 and December 31

22   and if the effective date of the amendment is January 1 of any year, the

23   redetermination shall be made on that date. The tax incremental base as

24   redetermined under this paragraph is effective for the purposes of this section only

25   if it exceeds the original tax incremental base determined under par. (b).

1   **SECTION 5.** 66.1105 (5) (ce) of the statutes is amended to read:

2   66.1105 **(5)** (ce) If the city adopts an amendment, to which sub. (4) (h) 2., 3. ~~or,~~

3   4., or 5. applies, the tax incremental base for the district shall be redetermined, by

4   adding to the tax incremental base the value of the taxable property that is added

5   to the existing district under sub. (4) (h) 2., 3. ~~or,~~ 4., or 5., as of the January 1 next

6   preceding the effective date of the amendment if the amendment becomes effective

7   between January 2 and September 30, as of the next subsequent January 1 if the

8   amendment becomes effective between October 1 and December 31 and if the

9   effective date of the amendment is January 1 of any year, the redetermination shall

10   be made on that date.   The tax incremental base as redetermined under this

11   paragraph is effective for the purposes of this section only if it exceeds the original

12   tax incremental base determined under par. (b).

13   **SECTION 6.** 66.1105 (6) (a) of the statutes is amended to read:

14   66.1105 **(6)** (a) If the joint review board approves the creation of the tax

15   incremental district under sub. (4m), positive tax increments with respect to a tax

16   incremental district are allocated to the city which created the district for each year

17   commencing after the date when a project plan is adopted under sub. (4) (g). The

18   department of revenue may not authorize allocation of tax increments until it

19   determines from timely evidence submitted by the city that each of the procedures

20   and documents required under sub. (4) (d) to (f) has been completed and all related

21   notices given in a timely manner.   The department of revenue may authorize

22   allocation of tax increments for any tax incremental district only if the city clerk and

23   assessor annually submit to the department all required information on or before the

24   2nd Monday in June. The facts supporting any document adopted or action taken

25   to comply with sub. (4) (d) to (f) are not subject to review by the department of revenue

1   under this paragraph.   After the allocation of tax increments is authorized, the

2   department of revenue shall annually authorize allocation of the tax increment to

3   the city that created the district until the department of revenue receives a notice

4   under sub. (8) and the notice has taken effect under sub. (8) (b), 27 years after the

5   tax incremental district is created if the district is created before October 1, 1995, 38

6   years after the tax incremental district is created if the district is created before

7   October 1, 1995, and the project plan is amended under sub. (4) (h) 3. or 5. or 23 years

8   after the tax incremental district is created if the district is created after

9   September 30, 1995, whichever is sooner.

10   SECTION 7. 66.1105 (7) (ar) of the statutes is amended to read:

11   66.1105 **(7)** (ar) Notwithstanding par. (am), 22 years after the last expenditure

12   identified in the project plan is made if the district to which the plan relates is created

13   before October 1, 1995, and the project plan is amended under sub. (4) (h) 3. or, 4.,

14   or 5.

15   **(END)**