2013 SENATE BILL 615

February 18, 2014 – Introduced by Senator TIFFANY, cosponsored by Representatives KOOYENGA and KAHL. Referred to Committee on Workforce Development, Forestry, Mining, and Revenue.

1   AN ACT *to amend* 66.1105 (2) (f) 2. b. of the statutes; **relating to:** the definition

2   of project costs under the tax incremental financing program.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed–use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. 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, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue calculates the "tax incremental 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.

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The project 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. Project costs under current law include expenditures for the construction of public works or improvements; new buildings, structures, and fixtures; and the demolition, alteration, remodeling, repair, or reconstruction of certain properties. For a TID created after 1981, however, project costs do not include the cost of constructing or expanding any facility if the city generally finances similar facilities only with utility user fees.

Under this bill, parking structures that support redevelopment activities are excluded from the exclusion of the cost of constructing or expanding a facility, if the city generally finances similar facilities only with utility user fees, from the definition of project costs.

For further information see the *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 (2) (f) 2. b. of the statutes is amended to read:

2   66.1105 **(2)** (f) 2. b. The cost of constructing or expanding any facility, except

3   a parking structure that supports redevelopment activities, if the city generally

4   finances similar facilities only with utility user fees.

5   **(END)**