



2019 ASSEMBLY BILL 453

September 18, 2019 - Introduced by Representatives BALLWEG and TUSLER,
cosponsored by Senator OLSEN. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 66.1105 (7) (am) 2. and 66.1105 (7) (am) 3.; and **to create**
2 66.1105 (6) (a) 16., 66.1105 (6) (a) 17., 66.1105 (6) (am) 2. k., 66.1105 (6) (am) 2.
3 L., 66.1105 (7) (am) 7. and 66.1105 (7) (am) 8. of the statutes; **relating to:**
4 lengthening the time during which tax increments may be allocated and
5 expenditures for project costs may be made and extending the maximum life for
6 Tax Incremental Districts Number Three and Four in the village of Lake
7 Delton.

Analysis by the Legislative Reference Bureau

This bill increases the maximum life, the expenditure period, and the tax increment allocation period for Tax Incremental Districts Number Three and Four in the village of Lake Delton.

Under the current tax incremental financing program, a city or village may create a TID in part of its territory to foster development under certain conditions. 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

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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.

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. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

Under the bill, with regard to TID Number Three in the village of Lake Delton, the expenditures for project costs may be made for up to 32 years after the TID was created, DOR may allocate tax increments for up to 37 years after the TID’s creation, and the maximum life of the TID is extended for 17 years.

Also under the bill, with regard to TID Number Four in the village of Lake Delton, the expenditures for project costs may be made for up to 32 years after the TID was created, DOR may allocate tax increments for up to 37 years after the TID’s creation, and the maximum life of the TID is extended for 10 years.

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 (6) (a) 16. of the statutes is created to read:

2 66.1105 **(6)** (a) 16. Thirty-seven years after the tax incremental district is
3 created if the district is Tax Incremental District Number 3 in the village of Lake
4 Delton.

5 **SECTION 2.** 66.1105 (6) (a) 17. of the statutes is created to read:

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1 66.1105 (6) (a) 17. Thirty-seven years after the tax incremental district is
2 created if the district is Tax Incremental District Number 4 in the village of Lake
3 Delton.

4 **SECTION 3.** 66.1105 (6) (am) 2. k. of the statutes is created to read:

5 66.1105 (6) (am) 2. k. Expenditures for project costs for Tax Incremental
6 District Number 3 in the village of Lake Delton. Such expenditures may be made no
7 later than 32 years after the district is created and may be made through 2037.

8 **SECTION 4.** 66.1105 (6) (am) 2. L. of the statutes is created to read:

9 66.1105 (6) (am) 2. L. Expenditures for project costs for Tax Incremental
10 District Number 4 in the village of Lake Delton. Such expenditures may be made no
11 later than 32 years after the district is created and may be made through 2039.

12 **SECTION 5.** 66.1105 (7) (am) 2. of the statutes is amended to read:

13 66.1105 (7) (am) 2. Except as provided in subds. 4., 5., ~~and 6.~~, and 7., for a
14 district that is created after September 30, 2004, about which a finding is made under
15 sub. (4) (gm) 4. a. that not less than 50 percent, by area, of the real property within
16 the district is suitable for industrial sites or mixed-use development, 20 years after
17 the district is created, except that the city that created the district may, subject to
18 sub. (8) (e), request that the joint review board extend the life of the district for an
19 additional 3 years. Along with its request for a 3-year extension, the city may
20 provide the joint review board with an independent audit that demonstrates that the
21 district is unable to pay off its project costs within the 20 years after the district is
22 created. The joint review board may deny or approve a request to extend the life of
23 the district for 3 years if the request does not include the independent audit, and the
24 board shall approve a request to extend the life of the district for 3 years if the request
25 includes the audit. If the joint review board extends the district's life, the district

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1 shall terminate at the earlier of the end of the extended period or the period specified
2 in par. (a). For a tax incremental district created after March 3, 2016, the
3 termination date for a district to which this subdivision applies shall either be
4 increased by one year beyond the otherwise applicable termination date under this
5 subdivision if that district's project plan is adopted under sub. (4) (g) after September
6 30 and before May 15, or shall be the period specified in par. (a), whichever is earlier.

7 **SECTION 6.** 66.1105 (7) (am) 3. of the statutes is amended to read:

8 66.1105 (7) (am) 3. Except as provided in ~~subd.~~ subds. 4. and 8., for a district
9 that is created after September 30, 2004, about which a finding is made under sub.
10 (4) (gm) 4. a. that not less than 50 percent, by area, of the real property within the
11 district is a blighted area or in need of rehabilitation, 27 years after the district is
12 created, except that the city that created the district may, subject to sub. (8) (e),
13 request that the joint review board extend the life of the district for an additional 3
14 years. Along with its request for a 3-year extension, the city may provide the joint
15 review board with an independent audit that demonstrates that the district is unable
16 to pay off its project costs within the 27 years after the district is created. The joint
17 review board may deny or approve a request to extend the life of the district for 3
18 years if the request does not include the independent audit, and the board shall
19 approve a request to extend the life of the district for 3 years if the request includes
20 the audit. If the joint review board extends the district's life, the district shall
21 terminate at the earlier of the end of the extended period or the period specified in
22 par. (a). For a tax incremental district created after March 3, 2016, the termination
23 date for a district to which this subdivision applies shall either be increased by one
24 year beyond the otherwise applicable termination date under this subdivision if that

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1 district's project plan is adopted under sub. (4) (g) after September 30 and before May
2 15, or shall be the period specified in par. (a), whichever is earlier.

3 **SECTION 7.** 66.1105 (7) (am) 7. of the statutes is created to read:

4 66.1105 (7) (am) 7. For Tax Incremental District Number 3 in the village of
5 Lake Delton, 37 years after the district is created.

6 **SECTION 8.** 66.1105 (7) (am) 8. of the statutes is created to read:

7 66.1105 (7) (am) 8. For Tax Incremental District Number 4 in the village of
8 Lake Delton, 37 years after the district is created.

9 (END)