

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: **06/17/99**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Assembly Republican Caucus 6-1452**

By/Representing: **Sande**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Munis - tax incrmntal financing**

Extra Copies:

Pre Topic:

ARC:.....Sande - Am. # 5,

Topic:

Extend expenditure period for tax incremental district # 2 in Village of Ashwaubenon

Instructions:

See Attached. Same as 1999 LRB -1911, AB 224

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme 06/21/99	chanaman 06/21/99		_____			
/1			martykr 06/21/99	_____	lrb_docadmin 06/21/99		

FE Sent For:

<END>

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1?	shoveme	cmn 4/21 /1	km 6/21	km 6/21			

FE Sent For:

<END>

Budget Amendments 1999- 2000

Statement of Intent

Local Government. Expanding the time period for expenditures that may be made by a tax incremental financing (TIF) district created by the Village of Ashwaubenon

Legislator

Montgomery

Amendment#

5

Staff contact

John

Status

Pass

Agency

Local Government

Tax Cut**Summary**

Under current law, project costs must be expended during the first 7 years of a tax incremental financing district (TID) life. A municipality may amend a TID project plan to add territory once in the first 7 years of the TID, in which case expenditures for project costs incurred because of the amendment to the plan may be made for not more than 3 years after the date of the amendment.

Under the motion, TID #2 in the Village of Ashwaubenon would have 5 years to make expenditures incurred because of an amendment to add territory to its plan.

TID #2 in the Village of Ashwaubenon was created in 1991 and amended to add territory in 1996. Under current law, TID #2 has through 1999 to make expenditures for project costs incurred because of the amendment; any expenditures made after 1999 would be borne by the village. The motion would lengthen the expenditure period of TID #2 by 2 years, through 2001.

Fiscal Impact

According to DOR, the motion would have no state fiscal effect. The bill has the potential to lengthen the life of the TID since the increased TID expenditures would take longer to pay off. The delay in closing out the TID would extend the time before the TIF value increment was placed on the general tax rolls.

ARC Analyst

Matt Sande



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0698/
MES...

soon

cmf FMNR

ARC:.....Sande - Am. # 5, Extend expenditure period for tax incremental district # 2 in Village of Ashwaubenon

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

D-Notes

1 At the locations indicated, amend the bill as follows:

2 ¹⁵⁶⁷ 1. Page, line ² after that line insert:

3

(END)

Substitute amendment
(arrow pointing to line 2)

1999 ASSEMBLY BILL 224

March 23, 1999 - Introduced by Representatives MONTGOMERY and F. LASEE, cosponsored by Senators COWLES and DRZEWIECKI. Referred to Committee on Ways and Means.

1 **AN ACT relating to:** expanding the time period for expenditures that may be
2 made by a tax incremental district created by the village of Ashwaubenon.

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, 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 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 or the TID may not be created. If an existing TID project plan is amended by a planning commission, these steps are also required.

Also under current law, once a TID has been created, the department of revenue (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 only be used to pay back the costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include

ASSEMBLY BILL 224

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.

Current law also provides that in general, unless the project plan is amended, no expenditure of tax increments may be made later than seven years, or ten years in certain cases, after the TID is created. Generally, a project plan may be amended at any time, except that only once during the seven years after the TID is created may the plan be amended to add territory to the district. If the project plan is amended to add territory to the TID, expenditures for project costs that are incurred because of the amendment may be made for not more than three years after the date on which the common council or village board adopts a resolution amending the project plan. In no event, however, may the total number of years during which expenditures are made plus the total number of years during which tax increments are allocated exceed 27 years.

The bill authorizes expenditures for project costs that are incurred in TID number two in the village of Ashwaubenon to be made for not more than five years after the date on which the village board adopted a resolution amending the project plan in a way that added territory to the district. Under the bill, such expenditures may be made through July 30, 2001.

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:

~~SECTION 1. Nonstatutory Provisions.~~

11 (1) ^{7g ← letter "g"} VILLAGE OF ASHWAUBENON TAX INCREMENTAL DISTRICT NUMBER TWO.
12 Notwithstanding section 66.46 (4) (h) 1. and 2. of the statutes, expenditures for project
13 costs for tax incremental district number two in the village of Ashwaubenon may be
14 made for not more than 5 years after the date on which the village board adopted a
15 resolution amending the project plan in a way that modified the district's boundaries
16

nonstatute
2
3

ASSEMBLY BILL 224

1 by adding territory to the district. Expenditures for tax incremental district number
2 two in the village of Ashwaubenon may be made through July 30, 2001. " ,

3 (END)

D-note →

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

60698/1dn
LRBb0670/2dn
MES: [initials]
cm

June 14 1999

This note is meant to alert you that it is possible that a Wisconsin court would find that this legislation is a "private or local bill" that, under art. IV, sec. 18, of the Wisconsin Constitution, must be enacted as single-subject legislation. If so, this legislation cannot validly be enacted as part of the state budget bill because the budget bill clearly encompasses more than one subject.

Under *Milwaukee Brewers Baseball Club v. Wisconsin Dept. of Health and Social Services*, 130 Wis. 2d 79, 115 (1986), "a legislative provision which is specific to any person, place or thing is a private or local law within the meaning of art. IV, sec. 18, unless: 1) the general subject matter of the provision relates to a state responsibility of statewide dimension; and 2) its enactment will have direct and immediate effect on a specific statewide concern or interest". This proposal is applicable only to the Village of ~~Winnandwood~~ Ashwaubenon.

Because it is difficult to predict the potential for and outcome of any court action on this proposal, should it be enacted as part of the budget, you may wish to consider introducing this proposal as a separate bill.

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: Marc.Shovers@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0698/1dn
MES:cmh:km

June 21, 1999

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State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0698/1
MES:cmh:km

ARC:.....Sande - Am. # 5, Extend expenditure period for tax incremental district # 2 in Village of Ashwaubenon

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 1567, line 21: after that line insert:

3 “(7g) VILLAGE OF ASHWAUBENON TAX INCREMENTAL DISTRICT NUMBER TWO.

4 Notwithstanding section 66.46 (4) (h) 1. and 2. of the statutes, expenditures for

5 project costs for tax incremental district number two in the village of Ashwaubenon

6 may be made for not more than 5 years after the date on which the village board

7 adopted a resolution amending the project plan in a way that modified the district’s

8 boundaries by adding territory to the district. Expenditures for tax incremental

1 district number two in the village of Ashwaubenon may be made through July 30,
2 2001.”

3 (END)