



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

March 23, 2005

MEMORANDUM

To: Representative Mursau

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **2005 AB-156** (LRB 05-2054/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 14, 2005

TO: Marc Shovers
Legislative Reference Bureau

FROM: Blair Kruger
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 156 – Allow Counties with No Cities or Villages to Create Tax Incremental Financing (TIF) Districts

The Department has the following concerns regarding this bill:

1. The bill amends county law (sec. 59.57) rather than general TIF law (sec. 66.1105) or town TIF law (sec. 60.85). This structure may lead to confusion where a county acts as a municipality under the bill but simultaneously retains its role as a county. For example, the bill could result in a Joint Review Board with two representatives from a county and no representative from the town where the TID is located. Amending sec. 66.1105 (4m) to include a town representative would ensure representation of all taxing jurisdictions.
2. General TIF law allows up to 25% vacant land in a TID while town TIF law does not have any such restriction. Since the bill applies general TIF law to counties with only towns, proposed TIDs under the bill may tend to violate the 25% vacant land limit.
3. The equalized value of taxable property of the TID plus the value of increments of all existing TIDs cannot exceed 12% of the total equalized value of taxable property in the city or village. Under the bill, the 12% test would apply to the county's equalized value. Any town that is less than 12% of the county's equalized value could become a TID.
4. The county would be required to identify TID parcels and submit annual reports to the Department of Revenue. However, counties do not have assessors to perform this task.
5. Under the bill, the county would administer the TID, including issuing bonds and contracting for improvements. However, the town in which the TID is located would collect property taxes on the value increment. The bill does not provide for settlement between the town and county for taxes collected on the value increments.
6. The TIF year begins on October 1, with valuation as of the following January 1, and ends on September 30. An effective date of October 1, 2005 would provide time for the Department to develop guidelines and forms, modify computer programs, and to provide consistency in the administration of rules during the TID year cycle.

If you have any questions regarding this technical memorandum, please contact Milda Aksamitauskas at (608) 261-5173 or milda.aksamitauskas@dor.state.wi.us

cc: Representative Mursau