

2013 DRAFTING REQUEST

Bill

Received: **8/29/2013** Received By: **mshovers**
Wanted: **As time permits** Same as LRB:
For: **Chad Weininger (608) 266-5840** By/Representing: **Kirsten**
May Contact: Drafter: **mshovers**
Subject: **Local Gov't - tax incr financing** Addl. Drafters:
Extra Copies: **EVM**

Submit via email: **YES**
Requester's email: **Rep.Weininger@legis.wisconsin.gov**
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Allow tax increments to be used to fund cash grants to landlords in high tech parks. (TID)

Instructions:

See attached. Amend s. 66.1105 (2) (f) 2. d.

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>
/?	mshovers 9/24/2013			_____			
/P1	mshovers 11/1/2013	jdyer 10/8/2013	rschluet 10/8/2013	_____	sbasford 10/8/2013		Local
/P2	emueller 11/5/2013	jdyer 11/4/2013	rschluet 11/4/2013	_____	sbasford 11/4/2013		Local
/1		jdyer	rschluet	_____	sbasford	lparisi	Local

Vers. Drafted

Reviewed
11/5/2013

Typed
11/5/2013

Proofed

Submitted
11/5/2013

Jacketed
11/5/2013

Required

FE Sent For:

<END>

→ At
Intro.

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/1	EVM 11/5/13						

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1 P P 2
FE Sent For:

MES 11/1/13

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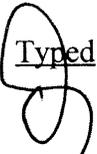
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Allow tax increments to be used to fund cash grants to landlords in high tech parks. (TID)

Instructions:

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/?	mshovers	PI 10/8 jld		_____			
1/1	MES	9/24/13	10/2/13	_____			

FE Sent For:

<END>

Shovers, Marc

From: Reader, Kirsten
Sent: Tuesday, August 13, 2013 1:30 PM
To: Shovers, Marc
Subject: Tech Park TIF

Hi, Marc:

Rep. Weininger would like to draft another TID bill, separate from the other legislation we've currently got in the works. This legislation would allow TID dollars to be used to fund research in tech parks.

I think in order for this to work, the set up will need to be similar to the current cash grants, or developer grants.

The premise of the legislation would offer a cash grant of sorts to landlords in tech parks and for them to pass the savings they receive through the cash grant on to their tenants or researchers in the form of subpar rent, capital (equipment) or furniture. This should be drafted as a preliminary, because I think there will be quite a bit of work to be done.

Thanks, and please let me know questions.

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov



Wed (conch)

jld
RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

O-NOTE

gln

✓

1 AN ACT ...; relating to: expanding the definition of project costs to include certain
2 cash payments with regard to a tax incremental financing district. ✓

✓

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft. ✓

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:

✓

3 SECTION 1. 66.1105 (2) (f) 2. d. of the statutes is amended to read:
4 66.1105 (2) (f) 2. d. Cash grants made by the city to owners, lessees, or
5 developers of land that is located within the tax incremental district unless one of the
6 following applies: ✓ the grant recipient has signed a development agreement with the
7 city, a copy of which shall be sent to the appropriate joint review board or, if that joint
8 review board has been dissolved, retained by the city in the official records for that

1 tax incremental district; ^{or} ~~the grant recipient is a landlord in a tech park and the~~
 2 ~~landlord certifies to the city that the landlord will pass on to the landlord's tenants~~
 3 ~~or researchers~~ ^{who} ~~which are located within the tech park, in the form of reduced rent,~~
 4 ~~capital equipment, or furniture, value~~ ^{that} ~~which is at least equal to the amount of the~~
 5 ~~cash grant.~~ ✓

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46, 328, 331, 385; 2007 a. 2, 10, 21, 41, 43, 57, 73, 96; 2009 a. 5, 28, 67, 170, 176, 310, 312; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; 2013 a. 2, 32; s. 13.92 (1) (bm) 2., (2) (i).

6 **SECTION 2. Initial applicability.**

7 (1) This act first applies to a [✓] tax incremental district whose project plan is
 8 approved or amended on the effective date of this [✓] subsection (LRB inserts date).
 9

(END)

NOTE

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3034/P1dn

MES mi:....

date

Jld

Rep. Weininger:

Please review this draft carefully to ensure that it meets your intent. The instructions say that the bill is meant to allow the use of "TID dollars to be used to fund research in tech parks." The instructions also say that the value of a cash payment that a landlord may pass through to a tenant will be used for a rent subsidy, capital equipment, or furniture. ✓ The instructions seem to indicate that the landlord is supposed to provide a rent subsidy, capital equipment, or furniture to the tenant. Is this correct?

The instructions do not define "tech park"; ✓ would you like to include a definition of some sort? I could not find a definition for this term in the statutes, but perhaps a definition could be based on one of these definitions: "technology-based incubator" in s. 66.1333 ✓ (2m) (t), "arts incubator" in s. 41.60 (1) (a), ✓ or "business incubator" in s. 234.01 (3). ✓

Would DOR or some other entity need to monitor the use of a grant to ensure that the grant is used as required? ✓ Would the landlord need to demonstrate, for example, that the rent the landlord charges is below the market rate? Over what term or period of time would the landlord have to pass on to the tenant the benefit of the cash grant?

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3034/P1dn
MES:jld:rs

October 8, 2013

Rep. Weininger:

Please review this draft carefully to ensure that it meets your intent. The instructions say that the bill is meant to allow the use of "TID dollars to be used to fund research in tech parks." The instructions also say that the value of a cash payment that a landlord may pass through to a tenant will be used for a rent subsidy, capital equipment, or furniture. The instructions seem to indicate that the landlord is supposed to provide a rent subsidy, capital equipment, or furniture to the tenant. Is this correct?

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Would DOR or some other entity need to monitor the use of a grant to ensure that the grant is used as required? Would the landlord need to demonstrate, for example, that the rent the landlord charges is below the market rate? Over what term or period of time would the landlord have to pass on to the tenant the benefit of the cash grant?

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Shovers, Marc

From: Reader, Kirsten
Sent: Tuesday, October 29, 2013 9:52 AM
To: Shovers, Marc
Subject: RE: Tech Park TIF - LRB 3034

Hi, Marc:

To clarify on the pass-through, could we say "up to 5 years."

Thanks,

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

From: Reader, Kirsten
Sent: Tuesday, October 29, 2013 9:23 AM
To: Shovers, Marc
Subject: Tech Park TIF - LRB 3034

Hi, Marc:

A couple additions I'd like to make to the aforementioned draft:

- For the rent rate pass-through, they need to pass the savings on within 5 years.
- For the definition of a tech park, it should say, "A specific real estate development dedicated to the promotion of science and technology businesses, including agriculture, advanced manufacturing, engineered products, information technology, medical devices and medical imaging."

Could we have this draft back ASAP?

Thanks,

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

~~added to list of bills~~

Kirston
65840

manager

① LRB-2083 ✗

remove anti-privacy provision

Keep "eligible expenses"

bill §§ 9 & 10

keep as dis prog costs

② ⁻³⁰³⁴ (1) include adv. of "tech park" -
tech based incubator

③ no further POR monitoring

④ ll must demonstrate that
they're renting & not role
D time because - Kirston
will get back to me



pm

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

WANTED:
MON. a.m.

reagan

lx

1 AN ACT to amend 66.1105 (2) (f) 2. d. of the statutes; relating to: expanding the
2 definition of project costs to include certain cash payments with regard to a tax
3 incremental financing district.

Analysis by the Legislative Reference Bureau

~~This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.~~

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

INS
ANL

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

4 SECTION 1. 66.1105 (2) (f) 2. d. of the statutes is amended to read:
5 66.1105 (2) (f) 2. d. Cash grants made by the city to owners, lessees, or
6 developers of land that is located within the tax incremental district unless one of the
7 following applies: the grant recipient has signed a development agreement with the
8 city, a copy of which shall be sent to the appropriate joint review board or, if that joint

SECTION 1

*is renting to
the landlord's
tenants at below market rates,
and that the
landlord
who are located within the tech park*

1 review board has been dissolved, retained by the city in the official records for that
2 tax incremental district; or the grant recipient is a landlord in a tech park and the
3 landlord certifies to the city that the landlord will pass on to the landlord's tenants
4 or researchers who are located within the tech park, in the form of reduced rent,
5 capital equipment, or furniture, value that is at least equal to the amount of the cash
6 grant.

within 5 years of receipt of

the grant

*INT
2-6*

SECTION 2. Initial applicability.

(1) This act first applies to a tax incremental district whose project plan is approved or amended on the effective date of this subsection.

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3034/P2ins
MES:jld:rs

INS ANL

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 (DOR) 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 current law, project costs may not include cash grants made by a city or village to owners, lessees, or developers of land within a TID unless the grant recipient has signed a development agreement with the city or village. This bill creates another exception to the general prohibition of a city or village including such cash grants as project costs of a TID.

* Under the bill, such cash grants may be made to a landlord in a tech park if the landlord certifies to the city or village that the landlord is renting to the landlord's tenants at below market rates and that the landlord will pass on the value of the cash grant to the tenants or researchers who are located within the tech park within five years of the landlord's receipt of the grant.

INS 2-6



SECTION 1. 66.1105 (2) (Le)^x of the statutes is created to read:

66.1105 (2) (Le) "Tech park" means a real estate development that is dedicated to the promotion of science and technology businesses, including agriculture, advance manufacturing, engineered products, information technology, medical devices, and medical imaging.[✓]

(end ins 2-6)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3034/P2
MES:jld:rs

2013 Bill

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

RMR

11/15/13

No Changes

Today

Regen

1 AN ACT to amend 66.1105 (2) (f) 2. d.; and to create 66.1105 (2) (Le) of the
2 statutes; relating to: expanding the definition of project costs to include
3 certain cash payments with regard to a tax incremental financing district.

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.

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Under current law, project costs may not include cash grants made by a city or village to owners, lessees, or developers of land within a TID unless the grant recipient has signed a development agreement with the city or village. This bill creates another exception to the general prohibition of a city or village including such cash grants as project costs of a TID.

Under the bill, such a cash grant may be made to a landlord in a tech park if the landlord certifies to the city or village that the landlord is renting to the landlord's tenants at below market rates and that the landlord will pass on the value of the cash grant to the tenants or researchers who are located within the tech park within five years of the landlord's receipt of the grant.

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

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6 review board has been dissolved, retained by the city in the official records for that
7 tax incremental district; or the grant recipient is a landlord in a tech park and the
8 landlord certifies to the city that the landlord is renting to the landlord's tenants who
9 are located within the tech park at below market rates, and that the landlord will
10 pass on to the landlord's tenants or researchers who are located within the tech park,

1 within 5 years of receipt of the grant, in the form of reduced rent, capital equipment,
2 or furniture, value that is at least equal to the amount of the cash grant.

3 **SECTION 2.** 66.1105 (2) (Le) of the statutes is created to read:

4 66.1105 (2) (Le) "Tech park" means a real estate development that is dedicated
5 to the promotion of science and technology businesses, including agriculture,
6 advance manufacturing, engineered products, information technology, medical
7 devices, and medical imaging.

8 **SECTION 3. Initial applicability.**

9 (1) This act first applies to a tax incremental district whose project plan is
10 approved or amended on the effective date of this subsection.

11

(END)

Parisi, Lori

From: Reader, Kirsten
Sent: Tuesday, November 05, 2013 3:24 PM
To: LRB.Legal
Subject: Draft Review: LRB -3034/1 Topic: Allow tax increments to be used to fund cash grants to landlords in high tech parks. (TID)

Please Jacket LRB -3034/1 for the ASSEMBLY.