

2019 DRAFTING REQUEST

Bill

For: Jon Erpenbach (608) 266-6670 Drafter: mshovers  
 By: Tryg Secondary Drafters: jkreye  
 Date: 5/14/2019 May Contact:  
 Same as LRB:

Submit via email: YES  
 Requester's email: Sen.Erpenbach@legis.wisconsin.gov  
 Carbon copy (CC) to: eric.mueller@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Tax incremental financing, district value reporting error (TIF)

Instructions:

See attached. Based on LRB -2118/P2

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 5/14/2019	aernstr 5/15/2019			
/P1			mbarman 5/15/2019		State S&L
/1			mbarman 5/29/2019	mbarman 5/29/2019	State S&L

FE Sent For:

AF Info

<END>

## Shovers, Marc

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**From:** Knutson, Tryg  
**Sent:** Tuesday, May 14, 2019 11:13 AM  
**To:** Shovers, Marc  
**Subject:** RE: TIF Fix

Yes. Item 13.

Thanks much!

Tryg

3054  
3055

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**From:** Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>  
**Sent:** Tuesday, May 14, 2019 11:12 AM  
**To:** Knutson, Tryg <Tryg.Knutson@legis.wisconsin.gov>  
**Subject:** RE: TIF Fix

Tryg, is this one the draft that's known as the "value reporting error, property tax reimbursement"?

Thanks,

Marc

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**From:** Knutson, Tryg <Tryg.Knutson@legis.wisconsin.gov>  
**Sent:** Tuesday, May 14, 2019 11:03 AM  
**To:** Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>; Mueller, Eric <Eric.Mueller@legis.wisconsin.gov>  
**Cc:** Catacutan, Adrian <Adrian.Catacutan@legis.wisconsin.gov>  
**Subject:** FW: TIF Fix

Hello –

Senator Erpenbach and Representative Pope would like to have this Verona TIF provision which was in the Governor's budget bill, but now removed as one of the 131 items by the Republicans, drafted as a stand-alone bill for both the Senate and the Assembly.

Thanks much.

Tryg Knutson  
Sen. Erpenbach's Office  
608-266-6670



State of Wisconsin  
2019 - 2020 LEGISLATURE

-3263/P1  
LRB-3054/1  
MES&JK:ahe&kjf  
*(Signature)*

**2019 BILL**

*Wed/Thurs.*

*(Signature)*

1 **AN ACT to amend** 66.1105 (6) (c); and **to create** 66.1105 (6) (h) of the statutes;  
2 **relating to:** tax increment value reporting errors and property tax  
3 reimbursement.

***Analysis by the Legislative Reference Bureau***

Generally under current law, once a tax incremental district 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.

Under this bill, for property values reported in 2018, if a city or village erroneously reports a higher value increment for its TIDs by an aggregate amount of at least \$50 million, the city’s or village’s TIDs may transfer the excess tax increment collections resulting from this error to the city’s or village’s general fund to reimburse taxpayers for the higher property tax rates imposed on them due to this error. Before making any such transfers, the city or village must verify with DOR the amounts involved.

**BILL**

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

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

1           **SECTION 1.** 66.1105 (6) (c) of the statutes is amended to read:

2           66.1105 (6) (c) Except for tax increments allocated under par. (d), (dm), (e), (f),  
3           or (g), or erroneous reporting of value increments as described in par. (h), all tax  
4           increments received with respect to a tax incremental district shall, upon receipt by  
5           the city treasurer, be deposited into a special fund for that district. The city treasurer  
6           may deposit additional moneys into such fund pursuant to an appropriation by the  
7           common council. No moneys may be paid out of such fund except to pay project costs  
8           with respect to that district, to reimburse the city for such payments, to pay project  
9           costs of a district under par. (d), (dm), (e), (f), or (g), to pay property tax  
10          reimbursements as described under par. (h), or to satisfy claims of holders of bonds  
11          or notes issued with respect to such district. Subject to par. (d), (dm), (e), (f), or (g),  
12          moneys paid out of the fund to pay project costs with respect to a district may be paid  
13          out before or after the district is terminated under sub. (7). Subject to any agreement  
14          with bondholders, moneys in the fund may be temporarily invested in the same  
15          manner as other city funds if any investment earnings are applied to reduce project  
16          costs. After all project costs and all bonds and notes with respect to the district have  
17          been paid or the payment thereof provided for, subject to any agreement with  
18          bondholders, if there remain in the fund any moneys that are not allocated under par.  
19          (d), (dm), (e), (f), or (g), they shall be paid over to the treasurer of each county, school  
20          district or other tax levying municipality or to the general fund of the city in the  
21          amounts that belong to each respectively, having due regard for that portion of the

**BILL**

1 moneys, if any, that represents tax increments not allocated to the city and that  
2 portion, if any, that represents voluntary deposits of the city into the fund.

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

4 66.1105 (6) (h) For property values reported to the department of revenue in  
5 2018, if a city erroneously reports a higher value increment for its tax incremental  
6 districts in an aggregate amount of at least \$50,000,000, that city's tax incremental  
7 districts may transfer the excess tax increments collected resulting from this error  
8 directly to the city's general fund for the sole purpose of reimbursing taxpayers for  
9 the resulting erroneously higher property tax rates imposed on the taxpayers. A city  
10 that acts under this paragraph shall verify with the department of revenue the  
11 amounts being transferred and disbursed before those transactions may take place.

12 (END)

## Shovers, Marc

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**From:** Knutson, Tryg  
**Sent:** Wednesday, May 29, 2019 10:37 AM  
**To:** Shovers, Marc  
**Subject:** FW: Draft review: LRB -3263/P1  
**Attachments:** 19-3263/P1.pdf

Hi –

Can we get this jacketed?

Thanks much.

Tryg Knutson  
Sen. Erpenbach's Office

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**From:** LRB.Legal <lrblegal@legis.wisconsin.gov>  
**Sent:** Wednesday, May 15, 2019 8:14 AM  
**To:** Sen.Erpenbach <Sen.Erpenbach@legis.wisconsin.gov>  
**Subject:** Draft review: LRB -3263/P1

**Following is the PDF version of draft LRB -3263/P1.**



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-3263/P1  
MES&JK:ah&kjf

1

No  
change

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

1     **AN ACT to amend** 66.1105 (6) (c); and **to create** 66.1105 (6) (h) of the statutes;  
2             **relating to:** tax increment value reporting errors and property tax  
3             reimbursement.

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***Analysis by the Legislative Reference Bureau***

Generally under current law, once a tax incremental district 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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8 directly to the city's general fund for the sole purpose of reimbursing taxpayers for  
9 the resulting erroneously higher property tax rates imposed on the taxpayers. A city  
10 that acts under this paragraph shall verify with the department of revenue the  
11 amounts being transferred and disbursed before those transactions may take place.

12 (END)



**Barman, Mike**

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**From:** LRB.Legal  
**To:** Sen.Erpenbach  
**Subject:** Draft review: LRB -3263/1  
**Attachments:** 19-3263/1

**State of Wisconsin - Legislative Reference Bureau**  
**One East Main Street - Suite 200 - Madison**

**The attached draft was prepared at your request. Please review it carefully to ensure that it satisfies your intent.** If you have any questions concerning the draft or would like to have it redrafted, please contact Marc E. Shovers, Senior Legislative Attorney, at (608) 504-5876, at [marc.shovers@legis.wisconsin.gov](mailto:marc.shovers@legis.wisconsin.gov), or at One East Main Street, Suite 200.

**We will jacket this draft for introduction in the Senate.**

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will submit a request to DOA when the draft is introduced. You may obtain a fiscal estimate on the draft prior to introduction by contacting our program assistants at [LRB.Legal@legis.wisconsin.gov](mailto:LRB.Legal@legis.wisconsin.gov) or at (608) 266-3561. If you requested a fiscal estimate on an earlier version of this draft and would like to obtain a fiscal estimate on the current version before it is introduced, you will need to request a revised fiscal estimate from our program assistants.

**Please call our program assistants at (608) 266-3561 if you have any questions regarding this email.**