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# Wisconsin Legislative Council

## ACT MEMO

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**2019 Wisconsin Act 37**  
[2019 Senate Bill 269]

**TIF Reporting Errors  
Made in 2018**

### BACKGROUND

The state's Tax Incremental Financing (TIF) law provides that after a municipality creates a tax incremental district (TID), the Department of Revenue (DOR) calculates the tax incremental base value (base value) of the TID. The base value is the equalized value of all taxable property within the TID at the time of creation. An increase in property value within the TID above the base value is called a "value increment." State law generally requires that all tax increments received with respect to the TID must be deposited into a special fund. Money from the special fund may only be used to pay for the TID's project costs or to satisfy claims of holders of bonds or notes issued with respect to the TID.

In 2018, the City of Verona's City Assessor erroneously reported a value of roughly \$54 million, instead of roughly \$5.4 million, for TID No. 8.

### 2019 WISCONSIN ACT 37

2019 Wisconsin Act 37 creates an exception to the requirement that money from a TID's special fund may only be used to pay for the TID's project costs or to satisfy claims of holders of bonds or notes issued with respect to the TID. Under the act, if a city erroneously reported to DOR in 2018 a higher value increment for its TID in an aggregate amount of at least \$50 million, that city's TID may transfer the excess tax increments collected resulting from this error directly to the city's general fund for the sole purpose of reimbursing taxpayers for the resulting erroneously higher property tax rates imposed on the taxpayers. A city that does so must verify with DOR the amounts being transferred and disbursed before those transactions may take place.

The act allows the City of Verona to repay taxpayers for taxes that were erroneously collected because of the reporting error made in 2018 for TID No. 8.

**Effective date:** November 23, 2019

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