



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-1709/P2  
MES:cdc

DOA:.....Quinn, BB0241 - TIF district developer grant limitations (TID)

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

**AN ACT** ...; **relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

***1. Tax incremental financing district developer cash grant limitations***

This bill limits the amount of cash grants that may be made by a political subdivision to a person for project costs of a tax incremental financing district.

Under the current tax incremental financing program, a city or village may create a TID in part of its territory to foster development under certain conditions. Currently, towns and counties also have a limited ability to create a TID under certain limited 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.

Currently, a project plan must include a number of elements, such as information regarding the kind, number, and location of all proposed public works or improvements within the district, an economic feasibility study, a detailed list of estimated project costs, and a description of financing methods for the project costs. Generally, project costs are defined to include public works such as sewers, streets,

and lighting systems; financing costs; site preparation costs; and professional service costs. Certain items are specifically prohibited from being considered project costs, such as the cost of constructing or expanding certain municipal buildings and cash grants to developers, although exceptions are allowed. For example, current law authorizes a political subdivision to make cash grants to owners, lessees, or developers of land in a TID if the grant recipient has entered into a development agreement with the political subdivision.

Under this bill, the total of all such allowable cash grants may not exceed 20 percent of the total project costs of a TID, including financing costs attributable to the grants.

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:***

**SECTION 1.** 66.1105 (2) (f) 2. d. of the statutes is amended to read:

66.1105 (2) (f) 2. d. Cash grants made by the city to owners, lessees, or developers of land that is located within the tax incremental district unless the grant recipient has signed a development agreement with the city, a copy of which shall be sent to the appropriate joint review board or, if that joint review board has been dissolved, retained by the city in the official records for that tax incremental district. The total of all cash grants that are made under subd. 2. d. may not exceed 20 percent of the total project costs of the tax incremental district, including financing costs attributable to the grants.

**SECTION 9330. Initial applicability; Local Government.**

(1) TAX INCREMENTAL DISTRICT FINANCING; LIMITATION ON CASH GRANTS. The treatment of s. 66.1105 (2) (f) 2. d. first applies to a tax incremental district that is created on October 1, 2019, or whose project plan is amended on October 1, 2019.

(END)