



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 6
[2005 Senate Bill 83]

Tax Incremental Financing Changes

2005 Wisconsin Act 6 makes a number of modifications to provisions of the tax incremental financing law that were previously amended by 2003 Wisconsin Act 2026. The Act makes the following modifications:

1. Under prior law, in general, no more than 25% of the territory in a proposed tax incremental district (TID) may consist of vacant land but this restriction does not apply to a proposed TID for industrial development. Act 6 provides that this restriction does not apply to a proposed TID for a mixed-use development, which is defined as a TID in which commercial, residential, and industrial uses may be developed.
2. Act 6 provides that only amendments to a TID that propose to add territory to the district are subject to the restriction that no TID amendment may be approved if more than 12% of the valuation of a municipality is included in a TID. TID amendments that subtract territory from the TID or that revise the project plan in ways other than adding or subtracting territory may be approved regardless of the 12% limitation.
3. Act 6 clarifies that an amendment to a TID project plan that both adds and subtracts territory from a TID counts as one amendment for purposes of the limitation that no more than four such amendments may be adopted during the lifetime of the TID. However, the Department of Revenue may collect fees with respect to the proposed amendment as if it were two separate amendments.
4. Act 6 provides that no amendment to a TID project plan is required if the only change proposed for the TID is to extend the expenditure period for the project plan as authorized by a state law that takes effect after the initial TID project plan was first adopted.
5. Act 6 clarifies that the Department of Revenue is required to subtract the value of certain property owned by a city or village within the TID from the tax incremental base of the TID when redetermining the tax incremental base after an amendment has been adopted that

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

subtracts territory from the TID.

6. Act 6 clarifies that the increased expenditure periods adopted in 2003 Wisconsin Act 126 apply to TIDs created before October 1, 1995 and to industrial TIDs created between 1985 and 2004.
7. Act 6 requires the Department of Revenue to refuse to certify the tax incremental base of a mixed-use development TID if the department determines that more than 35% of the land within the TID is proposed for newly platted residential use or if tax increments are used for residential development and the TID does not satisfy at least one of the following conditions: the density of the residential housing within the TID is at least three units per acre; the residential housing within the TID is located in a conservation subdivision, as defined in s. 66.1027 (1) (a), Stats.; or the residential housing within the TID is located in a traditional neighborhood development, as defined in s. 66.1027 (1) (c), Stats.

Effective Date: The Act takes effect on May 17, 2005 and applies both to TIDs created prior to the effective date of the Act and to TIDs created after the effective date of the Act.

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