



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2009 Wisconsin Act 310
[2009 Senate Bill 291]

**Designation of Distressed and
Severely Distressed Tax
Incremental Districts**

2009 Wisconsin Act 310 authorizes a city or village to designate a tax incremental district (TID) as a distressed or severely distressed TID, if the TID was created before October 1, 2008. Under the Act, a distressed or severely distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for a longer lifespan than the lifespan specified when the TID was created.

Distressed and Severely Distressed TIDs

The Act creates two separate categories of distressed TIDs: distressed TIDs and severely distressed TIDs. To be declared a severely distressed TID, the district's value increment in any year must be determined by DOR to have declined at least 25% from its highest value.

Under Act 310, a distressed TID may extend its life and may be allocated positive tax increments for up to 10 years beyond the point in time the TID would otherwise be required to terminate. Similarly, the Act allows a donor TID to allocate positive tax increments to a distressed TID and extend its life for up to 10 years beyond the point in time the donor TID would otherwise be required to terminate.

A severely distressed TID may continue to exist and receive tax increments for up to 40 years after the severely distressed TID was created. Donor districts to a severely distressed TID may allocate positive tax increments to the severely distressed district until the donor district has existed for 40 years or the severely distressed TID terminates, whichever occurs first.

Designation Process

Under the Act, a TID may not be designated as distressed or severely distressed unless several steps are taken, including holding a public hearing, adoption of a resolution by the local legislative body, and approval of the designation by the Joint Review Board. Additionally, the Planning Commission

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/>.

must amend the TID's project plan to reflect the TID's distressed or severely distressed status. When amending the project plan, the Planning Commission must follow the project plan amendment procedures set forth in current law, which include approval by the local legislative body, review by the Joint Review Board, and a public hearing.

Act 310 authorizes the Joint Review Board to request a review by the Department of Revenue (DOR) of documents submitted by a local legislative body in support of a resolution to designate a TID as distressed or severely distressed, in the same manner that it may request DOR review of documentation related to initial creation of a TID. The Act specifies that the Joint Review Board must approve or deny the designation within 30 days after receiving the resolution and other required materials from the local legislative body.

Additional Limitations

2009 Wisconsin Act 310 requires a local legislative body to declare a TID to be distressed or severely distressed before the first day of the 24th month beginning after the effective date of the Act (the Act took effect on October 1, 2009). Under the Act, a district must have been in existence for seven years before the local legislative body may adopt a resolution declaring the district to be distressed or severely distressed.

Under Act 310, no TID may be declared to be distressed or severely distressed if the local legislative body approves a project amendment for the TID after the effective date of the Act, except for the amendment described above that declares the TID to be distressed or severely distressed. Any tax increments allocated to a distressed or severely distressed TID that exceed the amounts needed to meet annual expenditures must be used to retire outstanding debt or establish a reserve for the retirement of outstanding debt.

Effective date: 2009 Wisconsin Act 310 took effect on October 1, 2009.

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