



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2003 Senate Bill 428

**Assembly Amendment 1 to
Assembly Substitute
Amendment 1**

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Under current law, the maximum life of a tax incremental district (TID) is established by state law and varies according to when the TID was created and what type of project the TID was created to implement. The significance of a TID's maximum life is that it establishes the number of property tax levies over which tax increments, which normally would be paid to other taxing jurisdictions, can be used to pay for project costs incurred by the TID.

Under current law, a TID is required to terminate either when all project costs have been paid or after a certain number of years, whichever occurs first.

For TIDs created before October 1, 1995, the maximum number of years that the TID may exist is 27.

For TIDs created after September 30, 1995, and before October 1, 2004, the maximum number of years that a TID may exist is 23.

For TIDS that are created on or after October 1, 2004 and that are created to address problems in blighted areas or in areas in need of rehabilitation, as those terms are defined in s. 66.1105, Stats., the maximum number of years that a TID may exist is 27. For TIDs that are created on or after October 1, 2004 and that are created to develop industrial areas or areas of mixed-use development, as those terms are defined in s. 66.1105, Stats., the maximum number of years that a TID may exist is 20. However, under certain circumstances, a city or village that creates an industrial or mixed-use development TID may extend the maximum life of the TID from 20 to 25 years.

Under **Assembly Substitute Amendment 1** to 2003 Senate Bill 428, the maximum years of existence that a TID created after September 30, 1995 and before October 1, 2004 that was created to address problems in blighted areas or areas in need of rehabilitation is increased from 23 to 27 years. In addition, the 27-year maximum life of a TID created under these circumstances may be extended from 27 to 31 years.

The process required to obtain a four-year extension is that the city or village that created the TID may request the Joint Review Board to extend the life of the TID for an additional four years. Along with its request for a four-year extension, the city or village may provide the joint review board with an independent audit that demonstrates that the TID is not able to pay off its project costs within the 27 years after the TID is created. The Joint Review Board must approve the four-year extension if the audit is provided and may, but is not required to, approve the request if the audit is not provided.

The substitute amendment also provides a possible three-year extension for TIDs created on or after October 1, 2004, using the same procedure that is established for requesting a four-year extension described above. Under this provision of the substitute amendment, the lifespan of a TID created after October 1, 2004 to address blighted areas or areas in need of rehabilitation could be extended from 27 to 30 years. The lifespan of a TID created on or after October 1, 2004 for industrial or mixed use development could be extended from 20 to 23 years. (Note that current law allows industrial or mixed use TIDs created on or after October 1, 2004 to be extended for five years.)

Assembly Amendment 1 to Assembly Substitute Amendment 1 requires a city or village to notify the Department of Revenue (DOR) at least one year before a TID is required to terminate if the Joint Review Board approves a request to extend the life of the TID. The DOR is authorized to deny the extension if it is not notified within that time.

Legislative History

On March 9, 2004, the Assembly Committee on Ways and Means introduced Assembly Substitute Amendment 1, adopted the substitute amendment by a vote of Ayes, 11; Noes, 0, and recommended passage of the bill, as amended, by a vote of Ayes, 11; Noes, 0. Assembly Amendment 1 to Assembly Substitute Amendment 1 was introduced by Representative M. Lehman and adopted by the Assembly by voice vote and the substitute amendment, as amended, was approved by the Assembly on March 10, 2004.

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