



1995 ASSEMBLY BILL 1024

March 13, 1996 - Introduced by Representatives FOTI, ZUKOWSKI, VRAKAS, AINSWORTH, JENSEN and RYBA, cosponsored by Senator PANZER. Referred to Committee on Ways and Means.

- 1 **AN ACT to amend** 66.46 (2) (f) 3. of the statutes; **relating to:** project costs of a
2 tax incremental financing district.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required, such as public hearings, preparation of a proposed project plan and approval of the plan by the common council or village board. If an existing TID project plan is amended by a planning commission, these steps are also required.

Also under current law, once a TID has been created, the department of revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment". The tax increment is placed in a special fund that may only be used to pay back the "project costs" of the TID. The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets and lighting systems; financing costs; site preparation costs; and professional service costs. Project costs may not include expenditures or monetary obligations incurred by the city or village for newly platted residential development for a TID for which a project plan is approved after September 1995.

Under this bill, the definition of project costs is changed such that these costs may not include expenditures or monetary obligations incurred by the city for a

