



State of Wisconsin

2015 - 2016 LEGISLATURE

LRB-1065/1
MES:wlj:rs

2015 SENATE BILL 55

February 27, 2015 – Introduced by JOINT LEGISLATIVE COUNCIL. Referred to Committee on Economic Development and Commerce.

1 **AN ACT to amend** 66.1105 (4) (gm) 4. c., 66.1105 (5) (bn), 66.1105 (5) (bo), 66.1105
2 (5) (bt), 66.1105 (10) (c), 66.1105 (12) (intro.), 66.1105 (12) (b), 66.1105 (16) (d),
3 66.1105 (17) (title) and (a) (intro.), 66.1105 (17) (a) 3., 66.1105 (17) (c) (intro.),
4 66.1105 (18) (c) 3. and 66.1105 (19) (b) 3. of the statutes; **relating to:** limits on
5 TID creation as measured by total TID value.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill was prepared for the Joint Legislative Council's Study Committee on Review of Tax Incremental Financing.

Background

As part of the process of creating a tax incremental district (TID), a city's or village's creation resolution must include a finding that the TID complies with the 12 percent limit. The 12 percent limit requires that the equalized value of the taxable property in

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the proposed TID, plus the value increments of all existing TIDs, does not exceed 12 percent of the total equalized value of taxable property in the city or village. When certifying a base value for a TID, the Department of Revenue (DOR) also evaluates whether the TID exceeds the 12 percent limit. DOR may not certify the base value until it reviews and approves the city's or village's finding that the equalized value of taxable property in the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property within the city.

A city or village may amend a TID's project plan so that a proposed new, or existing, TID is in compliance if the creation or a new, or project plan amendment of an existing, TID would exceed the 12 percent limit. If DOR determines that the TID exceeds the 12 percent limit, the city or village may either rescind its approval of the project plan or remove parcels of land so that the TID complies with the 12 percent limit. If the city or village decides to remove parcels of land, then it must resubmit the creation application to DOR within 30 days of receiving the noncompliance notice.

Section 66.1105, stats., contains several exceptions to the 12 percent limit that apply to specific communities. Additionally, 2013 Wisconsin Act 193 allows a city or village to create a TID in recently annexed town territory if certain conditions are satisfied. Under the alternative creation method created by Act 193, the 12 percent limit does not apply to a TID created in former town territory until the year 2016.

The Bill

Under this bill, references in s. 66.1105, stats., to the 12 percent limit are generally modified to reflect an increase to a 15 percent limit for the ratio of TID value increments to total equalized value of taxable property in a city or village. References to the 12 percent limit that relate to exceptions to the rule for specific communities are maintained at 12 percent and amended to reflect the law in place at the time of the creation of each exception.

SECTION 1. 66.1105 (4) (gm) 4. c. of the statutes is amended to read:

66.1105 (4) (gm) 4. c. Except as provided in subs. (10) (c), (16) (d), (17), and (18) (c) 3., the equalized value of taxable property of the district plus the value increment of all existing districts does not exceed ~~12~~ 15 percent of the total equalized value of taxable property within the city. In determining the equalized value of taxable property under this subd. 4. c. or sub. (17) (c), the department of revenue shall base its calculations on the most recent equalized value of taxable property of the district that is reported under s. 70.57 (1m) before the date on which the resolution under this paragraph is adopted. If the department of revenue determines that a local legislative body exceeds the 12 percent limit described in this subd. 4. c. or sub. (17) (c), the department shall notify the city of its noncompliance, in writing, not later than December 31 of the year in which the department receives the completed application or amendment forms described in sub. (5) (b).

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1 **SECTION 2.** 66.1105 (5) (bn) of the statutes is amended to read:

2 66.1105 (5) (bn) Notwithstanding the requirement that the total equalized
3 value not exceed 12 percent, as described in sub. (4) (gm) 4. c., 2013 stats., if the
4 village of Union Grove created, or attempted to create, tax incremental district
5 number 4 on January 1, 2006, based on actions taken by the village board on
6 February 27, 2006, the tax incremental base of the district shall be calculated by the
7 department of revenue as if the tax incremental district had been created on January
8 1, 2006, and, until the tax incremental district terminates, the department of
9 revenue shall allocate tax increments and treat the district in all other respects as
10 if the district had been created on January 1, 2006, except that the department of
11 revenue may not certify a value increment under par. (b) before 2008.

12 **SECTION 3.** 66.1105 (5) (bo) of the statutes is amended to read:

13 66.1105 (5) (bo) Notwithstanding the requirement that the total equalized
14 value not exceed 12 percent, as described in sub. (4) (gm) 4. c., 2013 stats., if the
15 village of Elmwood created, or attempted to create, tax incremental district number
16 4 on January 1, 2006, based on actions taken by the village board on May 8, 2006,
17 the tax incremental base of the district shall be calculated by the department of
18 revenue as if the tax incremental district had been created on January 1, 2006, and,
19 until the tax incremental district terminates, the department of revenue shall
20 allocate tax increments and treat the district in all other respects as if the district
21 had been created on January 1, 2006, except that the department of revenue may not
22 certify a value increment under par. (b) before 2010.

23 **SECTION 4.** 66.1105 (5) (bt) of the statutes is amended to read:

24 66.1105 (5) (bt) If the city of New Lisbon amends, or attempts to amend, the
25 project plan of Tax Incremental District Number 12 on January 1, 2012, based on

1 actions taken by the common council between July 1, 2011, and December 31, 2011,
2 the tax incremental base of the district shall be redetermined by the department of
3 revenue as if the district's project plan had been amended on January 1, 2012, except
4 that the department of revenue may not certify a value increment under par. (b), that
5 reflects the amendment to the district's plan, before 2012. In addition, the time limits
6 specified for the city clerk in par. (b), and the provisions relating to the 12 percent
7 limit findings requirement under sub. (4) (gm) 4. c., 2013 stats., do not apply to an
8 amendment to the project plan of Tax Incremental District Number 12 in the city of
9 New Lisbon.

10 **SECTION 5.** 66.1105 (10) (c) of the statutes is amended to read:

11 66.1105 (10) (c) The department of revenue shall exclude any parcel in a newly
12 created tax incremental district that is located in an existing district when
13 determining compliance with the 12 15 percent limit described in sub. (4) (gm) 4. c.

14 **SECTION 6.** 66.1105 (12) (intro.) of the statutes is amended to read:

15 66.1105 (12) EQUALIZED VALUATION; THE 12 15 PERCENT LIMIT. (intro.) If the
16 department of revenue notifies a local legislative body that is not in compliance with
17 the 12 15 percent limit described in sub. (4) (gm) 4. c., the local legislative body shall
18 do one of the following:

19 **SECTION 7.** 66.1105 (12) (b) of the statutes is amended to read:

20 66.1105 (12) (b) Remove parcels from the district's, or proposed district's,
21 boundaries so that the district, or proposed district, complies with the 12 15 percent
22 limit. Such a removal of parcels may not substantially alter the project plan as
23 approved under sub. (4) (g), or the resolution adopted under sub. (4) (gm) and
24 approved by the joint review board under sub. (4m) (b) 2. Not later than 30 days after
25 receiving the department's notice of noncompliance under sub. (4) (gm) 4. c., the city

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1 clerk shall submit, or resubmit, to the department the application described under
2 sub. (5) (b), and the application shall reflect the removal of parcels under this
3 paragraph.

4 **SECTION 8.** 66.1105 (16) (d) of the statutes is amended to read:

5 66.1105 (16) (d) The department of revenue may not include the equalized
6 value of taxable property of a district created under this subsection when applying
7 the ~~12~~ 15 percent limit findings requirement under sub. (4) (gm) 4. c. to a city or
8 village which annexes or attaches such a district.

9 **SECTION 9.** 66.1105 (17) (title) and (a) (intro.) of the statutes are amended to
10 read:

11 66.1105 (17) (title) EXCEPTIONS TO THE ~~12~~ 15 PERCENT LIMIT. (a) (intro.) Subject
12 to par. (b), a city may simultaneously create a tax incremental district under this
13 section and adopt an amendment to a project plan to subtract territory from an
14 existing district without adopting a resolution containing the ~~12-percent-limit~~ 15
15 percent-limit findings specified in sub. (4) (gm) 4. c. if all of the following occur:

16 **SECTION 10.** 66.1105 (17) (a) 3. of the statutes is amended to read:

17 66.1105 (17) (a) 3. Both appraisals under subd. 2. demonstrate that the value
18 of the taxable property that is subtracted from an existing district equals or exceeds
19 the amount that the department of revenue believes is necessary to ensure that,
20 when the proposed district is created, the ~~12-percent~~ 15 percent limit specified in
21 sub. (4) (gm) 4. c. is met.

22 **SECTION 11.** 66.1105 (17) (c) (intro.) of the statutes is amended to read:

23 66.1105 (17) (c) (intro.) With regard to the 12 percent limit described under sub.
24 (4) (gm) 4. c., 2013 stats., the following limit applies to the village of Pleasant Prairie:

25 **SECTION 12.** 66.1105 (18) (c) 3. of the statutes is amended to read:

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1 66.1105 (18) (c) 3. The 12 percent limit 15 percent-limit findings requirement
2 under sub. (4) (gm) 4. c. apply on an aggregate basis to all cities that are part of a
3 multijurisdictional district except, for one or more of the participating cities in the
4 multijurisdictional district, the part of the district that is in an individual city may
5 cause that city to exceed the 12 15 percent limit if the governing bodies of all the
6 taxation districts that overlay that city adopt a resolution approving the creation of
7 the district even though that city exceeds the 12 15 percent limit.

SECTION 13. 66.1105 (19) (b) 3. of the statutes is amended to read:

9 **66.1105 (19) (b) 3.** The 12 15 percent limit described in sub. (4) (gm) 4. c. does
10 not apply to a district created under this subsection until 2016.

SECTION 14. Initial applicability.

12 (1) This act first applies to a tax incremental district that is created on October
13 1, 2015, or whose project plan is amended on October 1, 2015.

14 (END)