



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1226/1
MES:jld:jf

2015 SENATE BILL 64

March 4, 2015 - Introduced by Senators GUDEX, PETROWSKI, BEWLEY, OLSEN and HARRIS DODD, cosponsored by Representatives VORPAGEL, HINTZ, STEFFEN, QUINN, GENRICH, KAHL, SPIROS, WEATHERSTON, RIPP, THIESFELDT, MACCO, NOVAK, DOYLE, E. BROOKS, KATSMA and SCHRAA. Referred to Committee on Revenue, Financial Institutions, and Rural Issues.

1 **AN ACT** *to repeal* 66.1105 (5) (i); and *to amend* 66.1105 (5) (h) 1. of the statutes;
2 **relating to:** changing the conditions under which a city or village may require
3 the Department of Revenue to redetermine the value of the tax incremental
4 base of a tax incremental district that is in a decrement situation.

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 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board (JRB) that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Generally under current law a local planning commission may amend the project plan of a TID, by adding or subtracting territory from the district, not more than four times during the TID's existence. If a TID's project plan is amended,

SENATE BILL 64

current law authorizes the Department of Revenue (DOR) to redetermine the TID's tax incremental base. DOR may charge a city or village \$1,000 to determine or redetermine a TID's tax incremental base or, if a project plan amendment both adds and subtracts territory, DOR may impose a fee of \$2,000.

Also under current law a city or village may adopt a resolution, subject to JRB approval, and not more than once during a TID's life, requiring DOR to redetermine the tax incremental base of a TID that is in a decrement situation that has continued for at least two consecutive years. Decrement situation is defined as a situation in which the current aggregate equalized value of all the taxable property within the TID is at least 10 percent less than the current value of the TID's tax incremental base. DOR may charge the city or village \$1,000 for the redetermination.

Currently, before a city or village may adopt a resolution requiring DOR to redetermine the tax incremental base of a TID that is in a decrement situation, the city or village must complete a financial analysis of the TID and must amend the TID's project plan to meet at least one of the following three conditions:

1. With regard to the total value of public infrastructure improvements in the district that occur after JRB approval, at least 51 percent of the value of the improvements must be financed by a private developer or other private entity in return for the city's or village's agreement to repay those costs solely through the payment of cash grants, and that cash grants must be paid under a development agreement with the city or village.

2. That all project costs are expected to be paid within 90 percent of the TID's remaining life.

3. That expenditures may be made only within the first one-half of the TID's remaining life, unless approved by unanimous vote of the JRB, and subject to the generally applicable limitations or the timing of expenditures under TIF law.

Under this bill, a city or village may adopt a resolution requiring DOR to redetermine the tax incremental base of a TID that is in a decrement situation that has continued for at least two consecutive years without first completing a financial analysis of the TID and without amending the TID's project plan to meet any of the three conditions that are required under current law.

For further information see the *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:

1 **SECTION 1.** 66.1105 (5) (h) 1. of the statutes is amended to read:
2 66.1105 (5) (h) 1. Subject to subds. 2. and 3. and ~~par. (i)~~, a local legislative body
3 may adopt a resolution requiring the department of revenue to redetermine the tax

SENATE BILL 64

1 incremental base of a district that is in a decrement situation that has continued for
2 at least 2 consecutive years.

3 **SECTION 2.** 66.1105 (5) (i) of the statutes is repealed.

4 (END)