

**STATE SENATOR KATHY BERNIER**  
TWENTY-THIRD SENATE DISTRICT



State Capitol • P.O. Box 7882 • Madison, WI 53707  
Office: (608) 266-7511 • Toll Free: (888) 437-9436  
Sen.Bernier@legis.wi.gov • www.SenatorBernier.com

**From: Senator Kathy Bernier**  
**To: The Senate Committee on Government Operations, Technology and Consumer Protection**  
**Re: Testimony on Senate Bill 561**

**Relating to:** distribution of the aid payment for personal property upon termination of a tax incremental district.

**Date: January 14, 2020**

Chairman Stroebel and members of the committee, thank you for hearing Senate Bill 561 today. The League of Wisconsin Municipalities asked me and Representative Steffen to introduce this bill to clean up an oversight in current law covering the personal property tax exemption and Tax Incremental Districts.

Currently, each taxing jurisdiction receives a state aid payment to backfill the personal property taxes that the taxing jurisdictions would have collected on tax exempt computers, machinery, tools, and patterns. When that exemption and payback program was originally enacted, it was worded in such a way so that the paybacks would end at the end of a Tax Incremental District's existence. The bill clarifies that following the termination of a tax incremental district the amount that would have been paid to the tax incremental district is distributed to the other applicable taxing jurisdictions.

An amendment has been introduced in the Assembly that applies this change to the section of the statutes that covers computers since they are similarly exempt from personal property taxes. We will be introducing the same amendment in the Senate to make this change identical for all exempt property.

I hope you will join me, Representative Steffen and the League of Wisconsin Municipalities in supporting this simple change to ensure that our local municipalities and other jurisdictions continue to receive the backfill property tax payments as the exemption law originally intended. I would be happy to answer any questions you may have.



# DAVID STEFFEN

STATE REPRESENTATIVE • 4<sup>TH</sup> ASSEMBLY DISTRICT

January 14, 2020

Chairman Stroebel and Committee Members,

Thank you for holding a public hearing on SB 561 relating to clarifying that personal property aid payments made to a TIF District transfer to other taxing jurisdictions after the district closes.

The 2017-2019 state budget expanded the personal property tax exemption for machinery, tools, and patterns, not including such items used in manufacturing. At the same time, the state committed to holding local governments harmless by creating a personal property aid program to reimburse cities, villages, towns, counties, and TIF districts for any revenue loss as a result of the expanded personal property exemption.

An issue has arisen with regard to DOR's interpretation of the personal property aid distributions. Department staff has interpreted current state law to mean that any personal property aid payments being made to a TIF district, for exempt personal property existing in the district, terminates when the TID closes.

SB 561 clarifies that following the termination of a tax incremental district, the amount that would have been paid to the TID is distributed to all applicable taxing jurisdictions.

I appreciate your consideration of this bill and I would be happy to answer any questions you may have.



131 W. Wilson St., Suite 505  
Madison, Wisconsin 53703  
phone (608) 267-2380; (800) 991-5502  
fax: (608) 267-0645  
league@lwm-info.org; www.lwm-info.org

To: Senate Committee on Government Operations, Technology and Consumer Protection

From: Curt Witynski, J.D., Deputy Director, League of Wisconsin Municipalities

Date: January 14, 2020

**Re: SB 561, Ensuring that personal property aid payments being made to TIF districts continue after the district closes**

The League of Wisconsin Municipalities worked with Sen. Bernier and Rep. Steffen to introduce SB 561, which makes clear that personal property aid payments being made to tax incremental districts (TIDs) transfer to the other taxing jurisdictions after the TID closes.

The bill fixes a technical problem with the personal property aid program the Legislature created last session to reimburse taxing jurisdictions, including TIF districts, for the lost revenue caused by exempting machinery, tools, and patterns from the personal property tax.

The bill clarifies that personal property aid payments the state makes to a TIF District continue after the TIF district terminates but transfer to the municipality and other taxing jurisdictions.

The Department of Revenue interprets current law to say that any personal property aid payments being made to a TIF district for exempt personal property existing in the district terminate when the TIF district closes. Terminating the aid payments when the district closes makes no sense since:

- Most of a community's exempt personal property is often located in a TIF district.
- The exempt personal property continues to exist in the community after the TIF district closes.
- If the personal property had existed outside a TIF district the community would continue to receive aid payments indefinitely.
- Computer aid payments made to a TIF district transfer to the municipality after the district closes.

We asked DOR staff to suggest language that we could include in a bill to make it clear to the Department that the personal property aid payments are transferred to the municipality and other taxing jurisdictions after a TIF district closes. SB 561 was drafted using the language DOR staff recommended.

We urge you to vote to recommend passage of SB 561. Thanks for considering our comments.

*YOUR VOICE. YOUR WISCONSIN.*