



2007 ASSEMBLY BILL 456

July 16, 2007 - Introduced by Representative VOS, cosponsored by Senator LEHMAN. Referred to Committee on Urban and Local Affairs.

1 **AN ACT** *to amend* 66.1105 (4) (gm) 4. c. of the statutes; **relating to:** the method
2 by which the Department of Revenue makes certain calculations regarding a
3 tax incremental district in the village of Union Grove.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing 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. 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, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

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 be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city

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or village, include public works, such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Currently, before a TID may be created or its project plan amended, the city or village must adopt a resolution containing a finding that the equalized value of taxable property of the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property in the city or village (the “12-percent test”), subject to one exception.

Under this bill, for TIDs created by the village of Union Grove before January 1, 2007, DOR must base its calculations for the value increment of all existing TIDs on the value increment from the year before the year in which the resolution was adopted, and must use a projection of what the equalized value of the taxable property in the TID would have been in the year before the year in which the TID was created.

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

2 66.1105 (4) (gm) 4. c. Except as provided in sub. (17), the equalized value of
3 taxable property of the district plus the value increment of all existing districts does
4 not exceed 12 percent of the total equalized value of taxable property within the city.

5 In determining the equalized value of taxable property under this subd. 4. c., the
6 department of revenue shall base its calculations on the most recent equalized value
7 of taxable property of the district that is reported under s. 70.57 (1m) before the date
8 on which the resolution under this paragraph is adopted, except that with regard to

9 a district that was created by the village of Union Grove before January 1, 2007, the
10 department of revenue shall base its calculations for the value increment of all

11 existing districts on the value increment from the year before the year in which the
12 resolution was adopted, and shall use a projection of what the equalized value of the

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1 taxable property of the district would have been in the year before the year in which
2 the district was created.

3 (END)