



## 1995 ASSEMBLY BILL 1026

March 14, 1996 - Introduced by Representatives AINSWORTH, R. YOUNG, F. LASEE, GOETSCH, LADWIG, MUSSER, LORGE, OTT, OWENS and ZUKOWSKI, cosponsored by Senators A. LASEE, SHIBILSKI and GROBSCHMIDT, by request of Wisconsin Association of School Boards. Referred to Committee on Ways and Means.

1     **AN ACT to amend** 66.46 (4m) (a), 66.46 (5) (b), 66.46 (5) (g), 66.46 (6) (b) and  
2             121.004 (2); and **to create** 66.46 (2) (cm), 66.46 (4m) (am) and 66.46 (5) (bs) of  
3             the statutes; **relating to:** the participation of school districts in tax  
4             incremental financing districts.

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### *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. These steps and plans include public hearings on the proposed TID, 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 creation by the city or village of a joint review board to review the proposal. The joint review board, which is made up of representatives of the overlying taxing jurisdictions of the proposed TID, must approve the project plan or the TID may not be created. 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 costs of the TID. The 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. DOR authorizes the allocation of

the tax increments until the TID terminates or 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first. Current law also provides that in general, unless the project plan is amended, no expenditure of tax increments may be made later than 7 years, or 10 years in certain cases, after the TID is created. In no event, however, may the total number of years during which expenditures are made plus the total number of years during which tax increments are allocated exceed 27 years.

Under this bill, a school district that has the authority to levy taxes on the property within the proposed TID and that is authorized to appoint a representative to the joint review board may adopt a resolution stating that the district elects not to be a part of the proposed TID's taxing jurisdiction. If a school district opts out of the TID's jurisdiction, DOR may not include the value of real taxable property owned by the school district in the tax incremental base that is established by DOR, the school district may not appoint a representative to the joint review board and the school district is not obligated to collect and pay to a city or village the tax increment that it would otherwise be obligated to pay if it had not adopted a resolution not to participate in the creation of the TID. For taxable property of such a school district that is located in a TID, however, the calculation of the school district's equalized value for state aid purposes will be based on the increased value of the school district's property within the TID.

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

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

1           **SECTION 1.** 66.46 (2) (cm) of the statutes is created to read:

2           66.46 (2) (cm) "Members-elect" means those members of a governing body of  
3 a city, village, town, county, school district or technical college district at a particular  
4 time, who have been duly elected or appointed for a current regular or unexpired  
5 term and whose service has not terminated by death, resignation or removal from  
6 office.

7           **SECTION 2.** 66.46 (4m) (a) of the statutes, as affected by 1995 Wisconsin Act 27,  
8 is amended to read:

1           66.46 (4m) (a) Any city that seeks to create a tax incremental district or amend  
2 a project plan shall convene a joint review board to review the proposal. The Except  
3 as provided in par. (am), the board shall consist of one representative chosen by the  
4 school district that has power to levy taxes on the property within the tax  
5 incremental district, one representative chosen by the technical college district that  
6 has power to levy taxes on the property within the tax incremental district, one  
7 representative chosen by the county that has power to levy taxes on the property  
8 within the tax incremental district, one representative chosen by the city and one  
9 public member. If Subject to par. (am), if more than one school district, more than  
10 one technical college district or more than one county has the power to levy taxes on  
11 the property within the tax incremental district, the unit in which is located property  
12 of the tax incremental district that has the greatest value shall choose that  
13 representative to the board. The public member and the board's chairperson shall  
14 be selected by a majority of the other board members before the public hearing under  
15 sub. (4) (a) or (h) 1. is held. All board members shall be appointed and the first board  
16 meeting held within 14 days after the notice is published under sub. (4) (a) or (h) 1.  
17 Additional meetings of the board shall be held upon the call of any member. The city  
18 that seeks to create the tax incremental district or to amend its project plan shall  
19 provide administrative support for the board. By majority vote, the board may  
20 disband following approval or rejection of the proposal.

21           **SECTION 3.** 66.46 (4m) (am) of the statutes is created to read:

22           66.46 (4m) (am) 1. A school district may, by a resolution adopted by a majority  
23 of the members-elect of the school board, decide not to participate in the creation of  
24 a tax incremental district under this subsection. If a school district adopts such a  
25 resolution:

1           a. The board may not choose a representative to the joint review board under  
2 par. (a).

3           b. The school district is not obligated to collect or pay the tax increment  
4 allocated to a city under sub. (5) (g) or (6) (b) that the district would otherwise be  
5 required to pay if it had not adopted a resolution under this subdivision.

6           2. If more than one school district has the power to levy taxes on the property  
7 within the tax incremental district and the school district that has the greatest value  
8 decides not to participate in the creation of the tax incremental district, the school  
9 district representative to the joint review board under par. (a) shall be chosen by the  
10 school district that has chosen to participate and that has the greatest value.

11           **SECTION 4.** 66.46 (5) (b) of the statutes is amended to read:

12           66.46 (5) (b) Upon application in writing by the city clerk, in such form as the  
13 department of revenue may prescribe, the department shall determine according to  
14 its best judgment from all sources available to it the full aggregate value of the  
15 taxable property and, except as provided in par. (bm), of the city-owned property  
16 and, except as provided in par. (bs), of the school district-owned property in the tax  
17 incremental district. The department shall certify this aggregate valuation to the  
18 city clerk, and the aggregate valuation shall constitute the tax incremental base of  
19 the tax incremental district. The city clerk shall complete these forms and submit  
20 the application on or before December 31 of the year the tax incremental district is  
21 created, as defined in sub. (4) (gm) 2.

22           **SECTION 5.** 66.46 (5) (bs) of the statutes is created to read:

23           66.46 (5) (bs) The value of real property owned by a school district that has  
24 decided not to participate, under sub. (4m) (am), in the creation of a tax incremental  
25 district shall not be included in the tax incremental base established under par. (b).

1           **SECTION 6.** 66.46 (5) (g) of the statutes is amended to read:

2           66.46 (5) (g) ~~The Except for a school district that adopts a resolution under sub.~~  
3           (4) (am) 1., the department of revenue shall annually give notice to the designated  
4           finance officer of all governmental entities having the power to levy taxes on property  
5           within each district as to the equalized value of such property and the equalized  
6           value of the tax increment base. Such notice shall also explain that the tax increment  
7           allocated to a city shall be paid to the city as provided under sub. (6) (b) from the taxes  
8           collected.

9           **SECTION 7.** 66.46 (6) (b) of the statutes is amended to read:

10          66.46 (6) (b) ~~Notwithstanding any other provision of law~~ Except as provided  
11          in sub. (4) (am) 1., every officer charged by law to collect and pay over or retain local  
12          general property taxes shall, on the settlement dates provided by law, pay over to  
13          the city treasurer out of all the taxes which the officer has collected the proportion  
14          of the tax increment due the city that the general property taxes collected in the city  
15          bears to the total general property taxes levied by the city for all purposes included  
16          in the tax roll, exclusive of levies for state trust fund loans, state taxes and state  
17          special charges.

18          **SECTION 8.** 121.004 (2) of the statutes is amended to read:

19          121.004 (2) EQUALIZED VALUATION. The “equalized valuation” of a school district  
20          is the full value of the taxable property of the territory in the school district as  
21          certified for the prior year under s. 121.06 (2), excluding value adjustments made  
22          under s. 70.57 (1) resulting from appeals made under s. 70.995. ~~The~~ For a school  
23          district that chooses to become part of a tax incremental district that is created under  
24          s. 66.46, the “equalized valuation” of any taxable property in a ~~that~~ tax incremental

1 district shall not exceed its equalized value determined for the purpose of obtaining  
2 the tax incremental base of that district under s. 66.46.

3 (END)