

1999 ASSEMBLY BILL 224

March 23, 1999 – Introduced by Representatives MONTGOMERY and F. LASEE, cosponsored by Senators COWLES and DRZEWIECKI. Referred to Committee on Ways and Means.

- 1 **AN ACT relating to:** expanding the time period for expenditures that may be
2 made by a tax incremental district created by the village of Ashwaubenon.

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

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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 seven years, or ten years in certain cases, after the TID is created. Generally, a project plan may be amended at any time, except that only once during the seven years after the TID is created may the plan be amended to add territory to the district. If the project plan is amended to add territory to the TID, expenditures for project costs that are incurred because of the amendment may be made for not more than three years after the date on which the common council or village board adopts a resolution amending the project plan. 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.

The bill authorizes expenditures for project costs that are incurred in TID number two in the village of Ashwaubenon to be made for not more than five years after the date on which the village board adopted a resolution amending the project plan in a way that added territory to the district. Under the bill, such expenditures may be made through July 30, 2001.

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. Nonstatutory provisions.**

2 (1) VILLAGE OF ASHWAUBENON TAX INCREMENTAL DISTRICT NUMBER TWO.
3 Notwithstanding section 66.46 (4) (h) 1. and 2. of the statues, expenditures for project
4 costs for tax incremental district number two in the village of Ashwaubenon may be
5 made for not more than 5 years after the date on which the village board adopted a
6 resolution amending the project plan in a way that modified the district's boundaries

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1 by adding territory to the district. Expenditures for tax incremental district number
2 two in the village of Ashwaubenon may be made through July 30, 2001.

3 (END)