

## 1999 SENATE BILL 408

February 23, 2000 – Introduced by Senator GROBSCHMIDT, cosponsored by Representative PLALE. Referred to Economic Development, Housing and Government Operations.

1     **AN ACT** *to amend* 66.46 (4) (gm) 1. and 66.46 (4) (gm) 4. a.; and *to create* 66.46  
2           (2) (f) 4. of the statutes; **relating to:** authorizing the creation of a tax  
3           incremental district to foster certain residential and commercial development  
4           in the city of Oak Creek.

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### ***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% 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, plans and approvals are 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 into a special fund that may only be used to pay back the costs of the TID. The “project 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.

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Current law also prohibits the project costs of a TID from including any expenditures or obligations that are made or incurred for newly platted residential development for any TID that is approved after September 30, 1995.

Under this bill, for a TID that is created on or before January 1, 2002, by the city of Oak Creek, project costs may be incurred in an area that is not necessarily at least 50% blighted, in need of rehabilitation or suitable for industrial sites. Such costs may also be incurred to facilitate residential and commercial development.

Currently, unless the TID is suitable for certain industrial sites, property standing vacant for an entire seven-year period immediately preceding the adoption of the resolution that creates the TID may not make up more than 25% of the area in the TID. Under the bill, this provision does not apply to a TID that is created on or before January 1, 2002, by the city of Oak Creek.

For further information see the *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) (f) 4. of the statutes is created to read:

2           66.46 (2) (f) 4. Notwithstanding subd. 3., project costs may include any  
3 expenditures made or estimated to be made or monetary obligations incurred or  
4 estimated to be incurred by the city of Oak Creek for a project that facilitates  
5 residential and commercial development near a golf course that is being developed  
6 within Bender Park. This subdivision does not apply to any tax incremental district  
7 that is created after January 1, 2002.

8           **SECTION 2.** 66.46 (4) (gm) 1. of the statutes is amended to read:

9           66.46 (4) (gm) 1. Describes the boundaries, which may, but need not, be the  
10 same as those recommended by the planning commission, of a tax incremental  
11 district with sufficient definiteness to identify with ordinary and reasonable  
12 certainty the territory included therein. The boundaries shall include only those  
13 whole units of property as are assessed for general property tax purposes. Property  
14 standing vacant for an entire 7-year period immediately preceding adoption of the

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1 resolution creating a tax incremental district may not comprise more than 25% of the  
2 area in the tax incremental district, unless the tax incremental district is suitable  
3 for industrial sites under subd. 4. a. and the local legislative body implements an  
4 approved project plan to promote industrial development within the meaning of s.  
5 66.52, or unless the property is part of a project described in sub. (2) (f) 4. In this  
6 subdivision, “vacant property” includes property where the fair market value or  
7 replacement cost value of structural improvements on the parcel is less than the fair  
8 market value of the land. In this subdivision, “vacant property” does not include  
9 property acquired by the local legislative body under ch. 32 or property included  
10 within the abandoned Park East freeway corridor or the abandoned Park West  
11 freeway corridor in Milwaukee County.

12 **SECTION 3.** 66.46 (4) (gm) 4. a. of the statutes is amended to read:

13 66.46 (4) (gm) 4. a. Not less than 50%, by area, of the real property within such  
14 district is at least one of the following: a blighted area; in need of rehabilitation or  
15 conservation work, as defined in s. 66.435 (2m) (b); or suitable for industrial sites  
16 within the meaning of s. 66.52 and has been zoned for industrial use. This subd. 4.  
17 a. does not apply to a district that is created before January 2, 2002, by the city of Oak  
18 Creek for a project that is described in sub. (2) (f) 4.; and

19 (END)