



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1341/23

MES:cjs:my

RMR

DOA:.....Wong - Technical changes, environmental remediation tax
incremental financing program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SOON

D-note

do not gen

- 1 AN ACT ...; relating to: modifying the environmental remediation tax
2 incremental financing program.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that are eligible for remediation is very similar to the mechanism under the tax incremental financing (TIF) program. If the remediated property is transferred to another person and is then subject to property taxation, environmental remediation tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation.

A political subdivision that has incurred "eligible costs" to remediate environmental pollution on a parcel of property may apply to DOR to certify the "environmental remediation tax incremental base" of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by DNR that contains cost estimates for anticipated

"project expenditures" and a
definition of

eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that the department has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an "environmental remediation tax increment"; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated.

This bill makes technical changes to the environmental remediation tax incremental financing program. These changes include creating a definition of "environmental remediation tax incremental district" (ERTID) that is somewhat similar to the definition of "tax incremental district" under the TIF program; making changes to the definitions of "environmental remediation tax increment," "environmental remediation tax incremental base," and "taxable property"; requiring that the final report under the program include an independent certified financial audit; requiring that DOR be provided with a final accounting of the ERTID's project expenditures and the final amount of eligible costs that have been paid for an ERTID; and modifying certain provisions of the program to apply to contiguous parcels of property or land, as well as a parcel of property or land.

For further information see the **state and 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:

SECTION 1. 66.1106 (1) (e) of the statutes is amended to read:

66.1106 (1) (e) "Environmental remediation tax increment" means that amount obtained by multiplying the total city, county, school and other local general property taxes levied on a parcel of real property that is certified under this section taxable property in a year by a fraction having as a numerator the environmental remediation value increment for that year for that parcel in such district and as a denominator that year's equalized value of that parcel taxable property. In any year, an environmental remediation tax increment is "positive" if the environmental remediation value increment is positive; it is "negative" if the environmental remediation value increment is negative.

Creating procedures for the termination of an ERTID that are similar to the termination procedures of a tax incremental district under the TIF program;

1 **SECTION 2.** 66.1106 (1) (f) of the statutes is amended to read:

2 66.1106 (1) (f) "Environmental remediation tax incremental base" means the
3 aggregate value, as equalized by the department, of ~~a parcel of real~~ taxable property
4 that is certified under this section as of the January 1 preceding the date on which
5 ~~the department of natural resources issues a certificate certifying that~~
6 ~~environmental pollution on the property has been remediated in accordance with~~
7 ~~rules promulgated by the department of natural resources~~ environmental
8 remediation tax incremental district is created, as determined under sub. (1m) (b).

9 **SECTION 3.** 66.1106 (1) (fm) of the statutes is created to read:

10 66.1106 (1) (fm) "Environmental remediation tax incremental district" means
11 a contiguous geographic area within a political subdivision defined and created by
12 resolution of the governing body of the political subdivision consisting solely of whole
13 units of property as are assessed for general property tax purposes, other than
14 railroad rights-of-way, rivers, or highways. Railroad rights-of-way, rivers, or
15 highways may be included in an environmental remediation tax incremental district
16 only if they are continuously bounded on either side, or on both sides, by whole units
17 of property as are assessed for general property tax purposes which are in the
18 environmental remediation tax incremental district. "Environmental remediation
19 tax incremental district" does not include any area identified as a wetland on a map
20 under s. 23.32.

21 **SECTION 4.** 66.1106 (1) (g) of the statutes is amended to read:

22 66.1106 (1) (g) "Environmental remediation value increment" means the
23 equalized value of ~~a parcel of real~~ taxable property that is certified under this section
24 minus the environmental remediation tax incremental base. In any year, the
25 environmental remediation value increment is "positive" if the environmental

1 remediation tax incremental base of the ~~parcel of~~ taxable property is less than the
2 aggregate value of the ~~parcel of~~ taxable property as equalized by the department; it
3 is "negative" if that base exceeds that aggregate value.

4 **SECTION 5.** 66.1106 (1) (i) of the statutes is amended to read:

5 66.1106 (1) (i) "Period of certification" means a period of not more than 16 years
6 beginning after the department certifies the environmental remediation tax
7 incremental base of a ~~parcel of property~~ under sub. (4) or a period before all eligible
8 costs have been paid, whichever occurs first.

9 **SECTION 6.** 66.1106 (1) (k) of the statutes is amended to read:

10 66.1106 (1) (k) "taxable property" means all real and personal taxable property
11 located in an environmental remediation tax incremental district.

12 **SECTION 7.** 66.1106 (1m) of the statutes is created to read:

13 66.1106 (1m) CREATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL
14 DISTRICTS. In order to implement the provisions of this section, the governing body
15 of the political subdivision shall adopt a resolution which does all of the following:

16 (a) Describes the boundaries of an environmental remediation tax incremental
17 district with sufficient definiteness to identify with ordinary and reasonable
18 certainty the territory included within the district.

19 (b) Creates such district as of a date therein provided. If the resolution is
20 adopted during the period between January 2 and September 30, then such date
21 shall be the next preceding January 1. If such resolution is adopted during the period
22 between October 1 and December 31, then such date shall be the next subsequent
23 January 1. If the resolution is adopted on January 1, the environmental remediation
24 tax incremental district shall have been created as of the date of the resolution.

25 **SECTION 8.** 66.1106 (2) (a) of the statutes is amended to read:

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4-8

1 66.1106 (2) (a) A political subdivision that develops, and whose governing body
2 approves, a written proposal to remediate environmental pollution may use an
3 environmental remediation tax increment to pay the eligible costs of remediating
4 environmental pollution on contiguous parcels of property that are located in an
5 environmental remediation tax incremental district within the political subdivision
6 and that are not part of a tax incremental district created under s. 66.1105, as
7 provided in this section, except that a political subdivision may use an
8 environmental remediation tax increment to pay the cost of remediating
9 environmental pollution of groundwater without regard to whether the property
10 above the groundwater is owned by the political subdivision. No political subdivision
11 may submit an application to the department under sub. (4) until the joint review
12 board approves the political subdivision's written proposal under sub. (3).

13 **SECTION 9.** 66.1106 (4) (intro.) of the statutes is amended to read:

14 66.1106 (4) CERTIFICATION. (intro.) Upon written application to the department
15 of revenue by the clerk of a political subdivision on or before ~~April 1~~ of the year
16 ~~following the year in which the certification described in par. (a) is received from the~~
17 ~~department of natural resources~~ December 31 of the year the environmental
18 remediation tax incremental district is created, as determined under sub. (1m) (b).
19 except that if the environmental remediation tax incremental district is created
20 during the period between October 1 and December 31, on or before December 31 of
21 the following year, the department of revenue shall certify to the clerk of the political
22 subdivision the environmental remediation tax incremental base ~~of a parcel of real~~
23 property if all of the following apply:

24 **SECTION 10.** 66.1106 (4) (b) of the statutes is amended to read:

1 66.1106 (4) (b) The political subdivision submits a statement that all taxing
2 jurisdictions with the authority to levy general property taxes on the parcel or
3 contiguous parcels of property have been notified that the political subdivision
4 intends to recover the costs of remediating environmental pollution on the property
5 and have been provided a statement of the estimated costs to be recovered.

6 **SECTION 11.** 66.1106 (7) (a) of the statutes is amended to read:

7 66.1106 (7) (a) Subject to pars. (b), (c) and (d), the department shall annually
8 authorize the positive environmental remediation tax increment with respect to a
9 parcel or contiguous parcels of property during the period of certification to the
10 political subdivision that incurred the costs to remediate environmental pollution on
11 the property, except that an authorization granted under this paragraph does not
12 apply after the department receives the notice described under sub. (10) (b).

13 **SECTION 12.** 66.1106 (7) (d) 1. of the statutes is amended to read:

14 66.1106 (7) (d) 1. The department may not authorize a positive environmental
15 remediation tax increment under par. (a) to pay otherwise eligible costs that are
16 incurred by the political subdivision after the department of natural resources
17 certifies to the department of revenue that environmental pollution on the parcel or
18 contiguous parcels of property has been remediated unless the costs are associated
19 with activities, as determined by the department of natural resources, that are
20 necessary to close the site described in the site investigation report.

21 **SECTION 13.** 66.1106 (9) of the statutes is amended to read:

22 66.1106 (9) **SEPARATE ACCOUNTING REQUIRED.** An environmental remediation tax
23 increment received with respect to a parcel or contiguous parcels of land that is
24 subject to this section shall be deposited in a separate fund by the treasurer of the
25 political subdivision. No money may be paid out of the fund except to pay eligible

1 costs for a parcel or contiguous parcels of land, to reimburse the political subdivision
2 for such costs or to satisfy claims of holders of bonds or notes issued to pay eligible
3 costs. If an environmental remediation tax increment that has been collected with
4 respect to a parcel of land remains in the fund after the period of certification has
5 expired, it shall be paid to the treasurers of the taxing jurisdictions in which the
6 parcel is located in proportion to the relative share of those taxing jurisdictions in the
7 most recent levy of general property taxes on the parcel.

8 **SECTION 14.** 66.1106 (10) (a) of the statutes is amended to read:

9 66.1106 (10) (a) Prepare and make available to the public updated annual
10 reports describing the status of all projects to remediate environmental pollution
11 funded under this section, including revenues and expenditures. A copy of the report
12 shall be sent to all taxing jurisdictions with authority to levy general property taxes
13 on the parcel or contiguous parcels of property by May 1 annually.

14 **SECTION 15.** 66.1106 (10) (b) of the statutes is amended to read:

15 66.1106 (10) (b) Notify the department within 10 days after the period of
16 certification for a parcel or contiguous parcels of property has expired.

17 **SECTION 16.** 66.1106 (10) (c) of the statutes is created to read:

18 66.1106 (10) (c) Not later than 12 months after the last expenditure is made
19 or not later than 12 months after an expenditure may be made under sub. (2) (b),
20 whichever comes first, prepare and make available to the public a report that is
21 similar to the report required under par. (a), except that the report required under
22 this paragraph shall also include an independent certified audit of each project to
23 determine if all financial transactions were made in a legal manner and to determine
24 if each environmental remediation tax incremental district complied with this

1 section. A copy of the report shall be sent out to all taxing jurisdictions which
2 received the reports under par. (a).

3 **SECTION 17.** 66.1106 (10) (d) of the statutes is created to read:

4 66.1106 (10) (d) Not later than 180 days after ^{an environmental remediation} the last expenditure is made or
5 ~~tax incremental district terminates under sub. (1))~~
6 ~~not later than 180 days after an expenditure may be made under sub. (2) (b),~~
7 ~~whichever comes first~~ provide the department with all of the following on a form that
8 is prescribed by the department:

9 1. A final accounting of project expenditures that are made for an
10 environmental remediation tax incremental district.

11 2. The final amount of eligible costs that have been paid for an environmental
12 remediation tax incremental district.

13 3. The total amount of environmental remediation tax increments that have
14 been paid to the political subdivision.

15 **SECTION 18.** 74.23 (1) (b) of the statutes is amended to read:

16 74.23 (1) (b) *General property taxes.* After making the distribution under par.
17 (a), the taxation district treasurer shall pay to each taxing jurisdiction within the
18 district its proportionate share of general property taxes, except that the treasurer
19 shall pay the state's proportionate share to the county. As part of that distribution,
20 the taxation district treasurer shall retain for the taxation district and for each tax
21 incremental district within the taxation district and each environmental
22 remediation tax incremental district created by the taxation district its
23 proportionate share of general property taxes. The taxation district treasurer shall
24 also distribute to the county the proportionate share of general property taxes for
25 each environmental remediation tax incremental district created by the county.

SECTION 19. 74.25 (1) (b) 1. of the statutes is amended to read:

1 74.25 (1) (b) 1. Pay in full to each taxing jurisdiction within the district all
2 personal property taxes included in the tax roll which have not previously been paid
3 to, or retained by, that taxing jurisdiction, except that the treasurer shall pay the
4 state's proportionate share to the county. As part of that distribution, the taxation
5 district treasurer shall allocate to each tax incremental district within the taxation
6 district and each environmental remediation tax incremental district created by the
7 taxation district its proportionate share of personal property taxes. The taxation
8 district treasurer shall also distribute to the county the proportionate share of
9 general property taxes for each environmental remediation tax incremental district
10 created by the county.

11 **SECTION 20.** 74.25 (1) (b) 2. of the statutes is amended to read:

12 74.25 (1) (b) 2. Pay to each taxing jurisdiction within the district its
13 proportionate share of real property taxes, except that the treasurer shall pay the
14 state's proportionate share to the county. As part of that distribution, the taxation
15 district treasurer shall retain for the taxation district and for each tax incremental
16 district within the taxation district and each environmental remediation tax
17 incremental district created by the taxation district its proportionate share of real
18 property taxes. The taxation district treasurer shall also distribute to the county the
19 proportionate share of general property taxes for each environmental remediation
20 tax incremental district created by the county.

21 **SECTION 21.** 74.30 (1) (i) of the statutes is amended to read:

22 74.30 (1) (i) Pay in full to each taxing jurisdiction within the district all
23 personal property taxes included in the tax roll which have not previously been paid
24 to, or retained by, each taxing jurisdiction, except that the treasurer shall pay the
25 state's proportionate share to the county. As part of that distribution, the taxation

1 district treasurer shall allocate to each tax incremental district within the taxation
2 district and each environmental remediation tax incremental district created by the
3 taxation district its proportionate share of personal property taxes. The taxation
4 district treasurer shall also distribute to the county the proportionate share of
5 general property taxes for each environmental remediation tax incremental district
6 created by the county.

7 **SECTION 22.** 74.30 (1) (j) of the statutes is amended to read:

8 74.30 (1) (j) Pay to each taxing jurisdiction within the district its proportionate
9 share of real property taxes, except that the treasurer shall pay the state's
10 proportionate share to the county. As part of that distribution, the taxation district
11 treasurer shall retain for the taxation district and for each tax incremental district
12 within the taxation district and each environmental remediation tax incremental
13 district created by the taxation district its proportionate share of real property taxes.
14 The taxation district treasurer shall also distribute to the county the proportionate
15 share of general property taxes for each environmental remediation tax incremental
16 district created by the county.

17 **SECTION 23.** 74.30 (2) (b) of the statutes is amended to read:

18 74.30 (2) (b) Pay to each taxing jurisdiction within the district its proportionate
19 share of real property taxes collected, except that the taxation district treasurer shall
20 pay the state's proportionate share to the county, and the county treasurer shall
21 settle for that share under s. 74.29. As part of that distribution, the taxation district
22 treasurer shall retain for the taxation district and for each tax incremental district
23 within the taxation district and each environmental remediation tax incremental
24 district created by the taxation district its proportionate share of real property taxes.
25 The taxation district treasurer shall also distribute to the county the proportionate

1 share of general property taxes for each environmental remediation tax incremental
2 district created by the county.

3 **SECTION 24.** 79.095 (1) (c) of the statutes is amended to read:

4 79.095 (1) (c) "Taxing jurisdiction" means a municipality, county, school
5 district, special purpose district, tax incremental district, environmental
6 remediation tax incremental district, or technical college district.

7 **SECTION 25.** 79.095 (2) (b) of the statutes is amended to read:

8 79.095 (2) (b) On or before December 31, the tax rate used for each tax
9 incremental district for which the municipality assesses property and for each
10 environmental remediation tax incremental district for which the municipality
11 assesses property.

12 **SECTION 26.** 234.01 (4n) (a) 3m. a. of the statutes is amended to read:

13 234.01 (4n) (a) 3m. a. The facility is in a tax incremental district or an
14 environmental remediation tax incremental district or is the subject of an urban
15 development action grant and will result in a net economic benefit to the state.

16 **SECTION 9359. Initial applicability; other.**

17 (1) ENVIRONMENTAL REMEDIATION TAX INCREMENTAL FINANCING. The treatment of
18 sections 66.1106 (1) (e), (f), (fm), (g), (i), ^{(jm),} and (k), (1m), (2) (a), (4) (intro.) and (b), (7)
19 (a) and (d) 1., (9), ~~and~~ (10) (a), (b), ~~and~~ (c), ^{and (d), (11), and (12),} 74.23 (1) (b), 74.25 (1) (b) 1. and 2., 74.30
20 (1) (i) and (j) and (2) (b), 79.095 (1) (c) and (2) (b), and 234.01 (4n) (a) 3m. a. of the
21 statutes first applies to an environmental remediation tax incremental district, the
22 written remediation proposal for which is approved by the political subdivision's
23 governing body on the effective date of this subsection.

24

(END)

D-Note

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1341/3ins
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^

SECTION 1. 66.1106 (1) (jm) of the statutes is created to read:

66.1106 (1) (jm) "Project expenditures" means the sum of eligible costs and all other costs incurred by a political subdivision in the creation and operation of an environmental remediation tax incremental district.

INS 8-13

^

SECTION 2. 66.1106 (11) of the statutes is created to read:

66.1106 (11) **TERMINATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL DISTRICTS.** An environmental remediation tax incremental district terminates when the earlier of the following occurs:

(a) That time when the political subdivision has received aggregate environmental remediation tax increments with respect to the district in an amount equal to the aggregate of all eligible costs.

(b) Sixteen years after the department certifies the environmental remediation tax incremental base of a parcel ^{or contiguous parcels} of property under sub. (4).

(c) The political subdivision's legislative body, by resolution, dissolves the district at which time the political subdivision becomes liable for all unpaid eligible costs actually incurred which are not paid from the separate fund under sub. (9), except that this paragraph does not make the political subdivision liable for any environmental remediation tax incremental bonds or notes issued.

^

SECTION 3. 66.1106 (12) of the statutes is created to read:

66.1106 (12) **NOTICE OF DISTRICT TERMINATION.** A political subdivision which creates a tax incremental district under this section shall give the department

written notice within 10 days of the termination of the environmental remediation
tax incremental district under sub. (11).

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1341/3dn
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- (b)
- Ⓐ Created s. 66.1106 (11) (c), which deals with the termination or dissolution of an ERTID, states in part that "this paragraph does not make the political subdivision liable for any environmental remediation tax incremental bonds or notes issued." The paragraph is based on s. 66.1105 (7) (c). Do you think that the phrase is necessary?
- Ⓐ Section 66.1106 does not contain any of the specific language relating to the issuance of bonds that s. 66.1105 does, i.e. s. 66.1105 (3) (c) and (9), although there is an implication in s. 66.1106 (9) that bonds may be issued, i.e. "No money may be paid out of the fund except to pay . . . claims of holders of bonds or notes issued to pay eligible costs." Does DOR think that political subdivisions may issue ERTID bonds based on this language in s. 66.1106 (9)? I would argue that they probably can't, because of lack of language that is similar to s. 66.1105 (3) (c) and (9). If DOR agrees, do you want to remove the "bond" phrases from created s. 66.1106 (11) (c) and from s. 66.1106 (9)?

Also, does the definition I created for "project expenditures" in s. 66.1106 (1) (jm) capture your intent?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

On a related matter, if the "bond" phrase remains in s. 66.1106 (11) (c), who does DOR think is liable for the bonds if a political subdivision dissolves an ERTID? A similar question exists for TIF bonds. Given the language in s. 66.1105 (7) (c), who does DOR think is liable if a city or village defaults on TIF bonds?

(b)

before the
bonds
are paid?

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1341/3dn
MES:cjs:pg

January 9, 2001

Created s. 66.1106 (11) (c), which deals with the termination or dissolution of an ERTID, states in part that "this paragraph does not make the political subdivision liable for any environmental remediation tax incremental bonds or notes issued." The paragraph is based on s. 66.1105 (7) (b). Do you think that the phrase is necessary?

Section 66.1106 does not contain any of the specific language relating to the issuance of bonds that s. 66.1105 does, i.e. s. 66.1105 (3) (b) and (9), although there is an implication in s. 66.1106 (9) that bonds may be issued, i.e. "No money may be paid out of the fund except to pay . . . claims of holders of bonds or notes issued to pay eligible costs." Does DOR think that political subdivisions may issue ERTID bonds based on this language in s. 66.1106 (9)? I would argue that they probably can't, because of the lack of language that is similar to s. 66.1105 (3) (c) and (9). If DOR agrees, do you want to remove the "bond" phrases from created s. 66.1106 (11) (c) and from s. 66.1106 (9)?

On a related matter, if the "bond" phrase remains in s. 66.1106 (11) (c), who does DOR think is liable for the bonds if a political subdivision dissolves an ERTID before the bonds are paid? A similar question exists for TIF bonds. Given the language in s. 66.1105 (7) (b) who does DOR think is liable if a city or village defaults on TIF bonds?

Also, does the definition I created for "project expenditures" in s. 66.1106 (1) (jm) capture your intent?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us

Shovers, Marc

From: Wong, Manyee
Sent: Thursday, January 11, 2001 9:08 AM
To: Shovers, Marc
Subject: FW: LRB Draft: 01-1341/3 Technical changes, environmental remediation tax incremental financing program

Hi Marc,

Here are DOR's comments on draft 1341

-----Original Message-----

From: Weinberger, Marc
Sent: Thursday, January 11, 2001 8:52 AM
To: Wong, Manyee
Cc: Gibbon, Judie A; Boldt, Rebecca A
Subject: LRB Draft: 01-1341/3 Technical changes, environmental remediation tax incremental financing program

Manyee,

Here are our "final" comments. This should complete this draft.

RE: Marc Shovers drafter's note:

When we asked for the termination language to be brought over from TIF to ER-TIF, some of the bond language came with it. Marc S. is correct to question it. TIF bonds have been deemed unusable by a court decision, and municipalities are using general obligation bonding instead. Therefore:

"Created s. 66.1106 (11) (c), which deals with the termination or dissolution of an ERTID, states in part that "this paragraph does not make the political subdivision liable for any environmental remediation tax incremental bonds or notes issued." The paragraph is based on s. 66.1105 (7) (b). Do you think that the phrase is necessary?"

☒ No, the reference to ERTID bonds should be eliminated.

Section 66.1106 does not contain any of the specific language relating to the issuance of bonds that s. 66.1105 does, i.e. s. 66.1105 (3) (b) and (9), although there is an implication in s. 66.1106 (9) that bonds may be issued, i.e. "No money may be paid out of the fund except to pay . . . claims of holders of bonds or notes issued to pay eligible costs." Does DOR think that political subdivisions may issue ERTID bonds based on this language in s. 66.1106 (9)? I would argue that they probably can't, because of the lack of language that is similar to s. 66.1105 (3) (c) and (9).

No, we agree that they probably can't.

If DOR agrees, do you want to remove the "bond" phrases from created s. 66.1106 (11) (c) and from s. 66.1106 (9)?

☒ Yes, please remove the "bond" phrases

On a related matter, if the "bond" phrase remains in s. 66.1106 (11) (c), who does DOR think is liable for the bonds if a political subdivision dissolves an ERTID before the bonds are paid? A similar question exists for TIF bonds. Given the language in s. 66.1105 (7) (b) who does DOR think is liable if a city or village defaults on TIF bonds?

See above notes

Also, does the definition I created for "project expenditures" in s. 66.1106 (1) (jm) capture your intent?"

The definition for project expenditures will be work for us.

One other comment:

Under s. 66.1106(12) "Notice of District Termination," please add language similar to s. 66.1105 (8) (b), which would define the May 15th deadline for notification to DOR.

-----Original Message-----

From: Wong, Manyee

Sent: Tuesday, January 09, 2001 9:00 PM

To: Weinberger, Marc

Subject: FW: LRB Draft: 01-1341/3 Technical changes, environmental remediation tax incremental financing program

Hi Marc,

Please review the following draft and let me know ASAP whether the draft meets DOR's intent. No more changes can be requested after this Friday.

Thanks.

Manyee

-----Original Message-----

From: Greenslet, Patty

Sent: Tuesday, January 09, 2001 6:20 PM

To: Wong, Manyee

Cc: Schmiedicke, David; Currier, Dawn; Hanaman, Cathlene; Haugen, Caroline

Subject: LRB Draft: 01-1341/3 Technical changes, environmental remediation tax incremental financing program

Following is the PDF version of draft 01-1341/3.

<< File: 01-1341/3 >> << File: 01-1341/3dn >>



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1341/3

MES:cjs:pg

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DOA:.....Wong - Technical changes, environmental remediation tax
incremental financing program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

today,
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- 1 AN ACT ...; relating to: modifying the environmental remediation tax
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Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that are eligible for remediation is very similar to the mechanism under the tax incremental financing (TIF) program. If the remediated property is transferred to another person and is then subject to property taxation, environmental remediation tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation.

A political subdivision that has incurred "eligible costs" to remediate environmental pollution on a parcel of property may apply to DOR to certify the "environmental remediation tax incremental base" of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by DNR that contains cost estimates for anticipated

eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that the department has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an "environmental remediation tax increment"; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated.

This bill makes technical changes to the environmental remediation tax incremental financing program. These changes include creating a definition of "project expenditures" and a definition of "environmental remediation tax incremental district" (ERTID) that is somewhat similar to the definition of "tax incremental district" under the TIF program; making changes to the definitions of "environmental remediation tax increment," "environmental remediation tax incremental base," and "taxable property"; creating procedures for the termination of an ERTID that are similar to the termination procedures of a tax incremental district under the TIF program; requiring that the final report under the program include an independent certified financial audit; requiring that DOR be provided with a final accounting of the ERTID's project expenditures and the final amount of eligible costs that have been paid for an ERTID; and modifying certain provisions of the program to apply to contiguous parcels of property or land, as well as a parcel of property or land.

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

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2 66.1106 (1) (e) "Environmental remediation tax increment" means that
3 amount obtained by multiplying the total city, county, school and other local general
4 property taxes levied on a parcel of real property that is certified under this section
5 taxable property in a year by a fraction having as a numerator the environmental
6 remediation value increment for that year for that parcel in such district and as a
7 denominator that year's equalized value of that parcel taxable property. In any year,
8 an environmental remediation tax increment is "positive" if the environmental

1 remediation value increment is positive; it is “negative” if the environmental
2 remediation value increment is negative.

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5 aggregate value, as equalized by the department, of ~~a parcel of real~~ taxable property
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10 remediation tax incremental district is created, as determined under sub. (1m) (b).

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13 a contiguous geographic area within a political subdivision defined and created by
14 resolution of the governing body of the political subdivision consisting solely of whole
15 units of property as are assessed for general property tax purposes, other than
16 railroad rights-of-way, rivers, or highways. Railroad rights-of-way, rivers, or
17 highways may be included in an environmental remediation tax incremental district
18 only if they are continuously bounded on either side, or on both sides, by whole units
19 of property as are assessed for general property tax purposes which are in the
20 environmental remediation tax incremental district. “Environmental remediation
21 tax incremental district” does not include any area identified as a wetland on a map
22 under s. 23.32.

23 **SECTION 4.** 66.1106 (1) (g) of the statutes is amended to read:

24 66.1106 (1) (g) “Environmental remediation value increment” means the
25 equalized value of ~~a parcel of real~~ taxable property that is certified under this section

1 minus the environmental remediation tax incremental base. In any year, the
2 environmental remediation value increment is “positive” if the environmental
3 remediation tax incremental base of the ~~parcel of~~ taxable property is less than the
4 aggregate value of the ~~parcel of~~ taxable property as equalized by the department; it
5 is “negative” if that base exceeds that aggregate value.

6 **SECTION 5.** 66.1106 (1) (i) of the statutes is amended to read:

7 66.1106 (1) (i) “Period of certification” means a period of not more than 16 years
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9 incremental base of a ~~parcel of property~~ under sub. (4) or a period before all eligible
10 costs have been paid, whichever occurs first.

11 **SECTION 6.** 66.1106 (1) (jm) of the statutes is created to read:

12 66.1106 (1) (jm) “Project expenditures” means the sum of eligible costs and all
13 other costs incurred by a political subdivision in the creation and operation of an
14 environmental remediation tax incremental district.

15 **SECTION 7.** 66.1106 (1) (k) of the statutes is amended to read:

16 66.1106 (1) (k) “Taxable property” means all real and personal taxable property
17 located in an environmental remediation tax incremental district.

18 **SECTION 8.** 66.1106 (1m) of the statutes is created to read:

19 66.1106 (1m) CREATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL
20 DISTRICTS. In order to implement the provisions of this section, the governing body
21 of the political subdivision shall adopt a resolution which does all of the following:

22 (a) Describes the boundaries of an environmental remediation tax incremental
23 district with sufficient definiteness to identify with ordinary and reasonable
24 certainty the territory included within the district.

1 (b) Creates such district as of a date therein provided. If the resolution is
2 adopted during the period between January 2 and September 30, then such date
3 shall be the next preceding January 1. If such resolution is adopted during the period
4 between October 1 and December 31, then such date shall be the next subsequent
5 January 1. If the resolution is adopted on January 1, the environmental remediation
6 tax incremental district shall have been created as of the date of the resolution.

7 **SECTION 9.** 66.1106 (2) (a) of the statutes is amended to read:

8 66.1106 (2) (a) A political subdivision that develops, and whose governing body
9 approves, a written proposal to remediate environmental pollution may use an
10 environmental remediation tax increment to pay the eligible costs of remediating
11 environmental pollution on contiguous parcels of property that are located in an
12 environmental remediation tax incremental district within the political subdivision
13 and that are not part of a tax incremental district created under s. 66.1105, as
14 provided in this section, except that a political subdivision may use an
15 environmental remediation tax increment to pay the cost of remediating
16 environmental pollution of groundwater without regard to whether the property
17 above the groundwater is owned by the political subdivision. No political subdivision
18 may submit an application to the department under sub. (4) until the joint review
19 board approves the political subdivision's written proposal under sub. (3).

20 **SECTION 10.** 66.1106 (4) (intro.) of the statutes is amended to read:

21 66.1106 (4) CERTIFICATION. (intro.) Upon written application to the department
22 of revenue by the clerk of a political subdivision on or before ~~April 1 of the year~~
23 ~~following the year in which the certification described in par. (a) is received from the~~
24 ~~department of natural resources~~ December 31 of the year the environmental

1 remediation tax incremental district is created, as determined under sub. (1m) (b),
2 except that if the environmental remediation tax incremental district is created
3 during the period between October 1 and December 31, on or before December 31 of
4 the following year, the department of revenue shall certify to the clerk of the political
5 subdivision the environmental remediation tax incremental base of ~~a parcel of real~~
6 ~~property~~ if all of the following apply:

7 **SECTION 11.** 66.1106 (4) (b) of the statutes is amended to read:

8 66.1106 (4) (b) The political subdivision submits a statement that all taxing
9 jurisdictions with the authority to levy general property taxes on the parcel or
10 contiguous parcels of property have been notified that the political subdivision
11 intends to recover the costs of remediating environmental pollution on the property
12 and have been provided a statement of the estimated costs to be recovered.

13 **SECTION 12.** 66.1106 (7) (a) of the statutes is amended to read:

14 66.1106 (7) (a) Subject to pars. (b), (c) and (d), the department shall annually
15 authorize the positive environmental remediation tax increment with respect to a
16 parcel or contiguous parcels of property during the period of certification to the
17 political subdivision that incurred the costs to remediate environmental pollution on
18 the property, except that an authorization granted under this paragraph does not
19 apply after the department receives the notice described under sub. (10) (b).

20 **SECTION 13.** 66.1106 (7) (d) 1. of the statutes is amended to read:

21 66.1106 (7) (d) 1. The department may not authorize a positive environmental
22 remediation tax increment under par. (a) to pay otherwise eligible costs that are
23 incurred by the political subdivision after the department of natural resources
24 certifies to the department of revenue that environmental pollution on the parcel or
25 contiguous parcels of property has been remediated unless the costs are associated

1 with activities, as determined by the department of natural resources, that are
2 necessary to close the site described in the site investigation report.

3 **SECTION 14.** 66.1106 (9) of the statutes is amended to read:

4 66.1106 (9) SEPARATE ACCOUNTING REQUIRED. An environmental remediation tax
5 increment received with respect to a parcel or contiguous parcels of land that is
6 subject to this section shall be deposited in a separate fund by the treasurer of the
7 political subdivision. No money may be paid out of the fund except to pay eligible
8 costs for a parcel or contiguous parcels of land, ^{① or} to reimburse the political subdivision
9 for such costs ~~or to satisfy claims of holders of bonds or notes issued to pay eligible~~
10 ~~costs.~~ If an environmental remediation tax increment that has been collected with
11 respect to a parcel of land remains in the fund after the period of certification has
12 expired, it shall be paid to the treasurers of the taxing jurisdictions in which the
13 parcel is located in proportion to the relative share of those taxing jurisdictions in the
14 most recent levy of general property taxes on the parcel.

15 **SECTION 15.** 66.1106 (10) (a) of the statutes is amended to read:

16 66.1106 (10) (a) Prepare and make available to the public updated annual
17 reports describing the status of all projects to remediate environmental pollution
18 funded under this section, including revenues and expenditures. A copy of the report
19 shall be sent to all taxing jurisdictions with authority to levy general property taxes
20 on the parcel or contiguous parcels of property by May 1 annually.

21 **SECTION 16.** 66.1106 (10) (b) of the statutes is amended to read:

22 66.1106 (10) (b) Notify the department within 10 days after the period of
23 certification for a parcel or contiguous parcels of property has expired.

24 **SECTION 17.** 66.1106 (10) (c) of the statutes is created to read:

1 66.1106 (10) (c) Not later than 12 months after the last expenditure is made
2 or not later than 12 months after an expenditure may be made under sub. (2) (b),
3 whichever comes first, prepare and make available to the public a report that is
4 similar to the report required under par. (a), except that the report required under
5 this paragraph shall also include an independent certified audit of each project to
6 determine if all financial transactions were made in a legal manner and to determine
7 if each environmental remediation tax incremental district complied with this
8 section. A copy of the report shall be sent out to all taxing jurisdictions which
9 received the reports under par. (a).

10 **SECTION 18.** 66.1106 (10) (d) of the statutes is created to read:

11 66.1106 (10) (d) Not later than 180 days after an environmental remediation
12 tax incremental district terminates under sub. (11), provide the department with all
13 of the following on a form that is prescribed by the department:

14 1. A final accounting of project expenditures that are made for an
15 environmental remediation tax incremental district.

16 2. The final amount of eligible costs that have been paid for an environmental
17 remediation tax incremental district.

18 3. The total amount of environmental remediation tax increments that have
19 been paid to the political subdivision.

20 **SECTION 19.** 66.1106 (11) of the statutes is created to read:

21 66.1106 (11) **TERMINATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL**
22 **DISTRICTS.** An environmental remediation tax incremental district terminates when
23 the earlier of the following occurs:

1 (a) That time when the political subdivision has received aggregate
2 environmental remediation tax increments with respect to the district in an amount
3 equal to the aggregate of all eligible costs.

4 (b) Sixteen years after the department certifies the environmental remediation
5 tax incremental base of a parcel or contiguous parcels of property under sub. (4).

6 (c) The political subdivision's legislative body, by resolution, dissolves the
7 district at which time the political subdivision becomes liable for all unpaid eligible

8 costs actually incurred which are not paid from the separate fund under sub. (9).

9 ~~except that this paragraph does not make the political subdivision liable for any~~

10 ~~environmental remediation tax incremental bonds or notes issued.~~

11 SECTION 20. 66.1106 (12) of the statutes is created to read:

12 (a) 66.1106 (12) NOTICE OF DISTRICT TERMINATION. A political subdivision which
13 creates a tax incremental district under this section shall give the department
14 written notice within 10 days of the termination of the environmental remediation
15 tax incremental district under sub. (11).

16 SECTION 21. 74.23 (1) (b) of the statutes is amended to read:

17 74.23 (1) (b) *General property taxes.* After making the distribution under par.

18 (a), the taxation district treasurer shall pay to each taxing jurisdiction within the
19 district its proportionate share of general property taxes, except that the treasurer
20 shall pay the state's proportionate share to the county. As part of that distribution,
21 the taxation district treasurer shall retain for the taxation district and for each tax
22 incremental district within the taxation district and each environmental
23 remediation tax incremental district created by the taxation district its
24 proportionate share of general property taxes. The taxation district treasurer shall

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1 also distribute to the county the proportionate share of general property taxes for
2 each environmental remediation tax incremental district created by the county.

3 **SECTION 22.** 74.25 (1) (b) 1. of the statutes is amended to read:

4 74.25 (1) (b) 1. Pay in full to each taxing jurisdiction within the district all
5 personal property taxes included in the tax roll which have not previously been paid
6 to, or retained by, that taxing jurisdiction, except that the treasurer shall pay the
7 state's proportionate share to the county. As part of that distribution, the taxation
8 district treasurer shall allocate to each tax incremental district within the taxation
9 district and each environmental remediation tax incremental district created by the
10 taxation district its proportionate share of personal property taxes. The taxation
11 district treasurer shall also distribute to the county the proportionate share of
12 general property taxes for each environmental remediation tax incremental district
13 created by the county.

14 **SECTION 23.** 74.25 (1) (b) 2. of the statutes is amended to read:

15 74.25 (1) (b) 2. Pay to each taxing jurisdiction within the district its
16 proportionate share of real property taxes, except that the treasurer shall pay the
17 state's proportionate share to the county. As part of that distribution, the taxation
18 district treasurer shall retain for the taxation district and for each tax incremental
19 district within the taxation district and each environmental remediation tax
20 incremental district created by the taxation district its proportionate share of real
21 property taxes. The taxation district treasurer shall also distribute to the county the
22 proportionate share of general property taxes for each environmental remediation
23 tax incremental district created by the county.

24 **SECTION 24.** 74.30 (1) (i) of the statutes is amended to read:

1 74.30 (1) (i) Pay in full to each taxing jurisdiction within the district all
2 personal property taxes included in the tax roll which have not previously been paid
3 to, or retained by, each taxing jurisdiction, except that the treasurer shall pay the
4 state's proportionate share to the county. As part of that distribution, the taxation
5 district treasurer shall allocate to each tax incremental district within the taxation
6 district and each environmental remediation tax incremental district created by the
7 taxation district its proportionate share of personal property taxes. The taxation
8 district treasurer shall also distribute to the county the proportionate share of
9 general property taxes for each environmental remediation tax incremental district
10 created by the county.

11 **SECTION 25.** 74.30 (1) (j) of the statutes is amended to read:

12 74.30 (1) (j) Pay to each taxing jurisdiction within the district its proportionate
13 share of real property taxes, except that the treasurer shall pay the state's
14 proportionate share to the county. As part of that distribution, the taxation district
15 treasurer shall retain for the taxation district and for each tax incremental district
16 within the taxation district and each environmental remediation tax incremental
17 district created by the taxation district its proportionate share of real property taxes.
18 The taxation district treasurer shall also distribute to the county the proportionate
19 share of general property taxes for each environmental remediation tax incremental
20 district created by the county.

21 **SECTION 26.** 74.30 (2) (b) of the statutes is amended to read:

22 74.30 (2) (b) Pay to each taxing jurisdiction within the district its proportionate
23 share of real property taxes collected, except that the taxation district treasurer shall
24 pay the state's proportionate share to the county, and the county treasurer shall
25 settle for that share under s. 74.29. As part of that distribution, the taxation district

1 treasurer shall retain for the taxation district and for each tax incremental district
2 within the taxation district and each environmental remediation tax incremental
3 district created by the taxation district its proportionate share of real property taxes.
4 The taxation district treasurer shall also distribute to the county the proportionate
5 share of general property taxes for each environmental remediation tax incremental
6 district created by the county.

7 **SECTION 27.** 79.095 (1) (c) of the statutes is amended to read:

8 79.095 (1) (c) "Taxing jurisdiction" means a municipality, county, school
9 district, special purpose district, tax incremental district, environmental
10 remediation tax incremental district, or technical college district.

11 **SECTION 28.** 79.095 (2) (b) of the statutes is amended to read:

12 79.095 (2) (b) On or before December 31, the tax rate used for each tax
13 incremental district for which the municipality assesses property and for each
14 environmental remediation tax incremental district for which the municipality
15 assesses property.

16 **SECTION 29.** 234.01 (4n) (a) 3m. a. of the statutes is amended to read:

17 234.01 (4n) (a) 3m. a. The facility is in a tax incremental district or an
18 environmental remediation tax incremental district or is the subject of an urban
19 development action grant and will result in a net economic benefit to the state.

20 **SECTION 9359. Initial applicability; other.**

21 (1) ENVIRONMENTAL REMEDIATION TAX INCREMENTAL FINANCING. The treatment of
22 sections 66.1106 (1) (c), (f), (fm), (g), (i), (jm), and (k), (1m), (2) (a), (4) (intro.) and (b),
23 (7) (a) and (d) 1., (9), (10) (a), (b), (c), and (d), (11), and (12), 74.23 (1) (b), 74.25 (1) (b)
24 1. and 2., 74.30 (1) (i) and (j) and (2) (b), 79.095 (1) (c) and (2) (b), and 234.01 (4n) (a)
25 3m. a. of the statutes first applies to an environmental remediation tax incremental

1 district, the written remediation proposal for which is approved by the political
2 subdivision's governing body on the effective date of this subsection.

3 (END)

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LRB-1341/4

Section #. 66.1105 (8) (b) of the statutes is amended to read:

#1
~~66.1105(8)~~ (b) If the department ~~receives~~ receives a notice under par. (a) during the period from January 1 to May 15, the effective date of the notice is the date the notice is received. If the notice is received during the period from May 16 to December 31, the effective date of the notice is the first January 1 after the department ~~receives~~ receives the notice.

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.1105.



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1341/4

MES:cjs:km

DOA:.....Wong - Technical changes, environmental remediation tax
incremental financing program

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: modifying the environmental remediation tax
2 incremental financing program.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that are eligible for remediation is very similar to the mechanism under the tax incremental financing (TIF) program. If the remediated property is transferred to another person and is then subject to property taxation, environmental remediation tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation.

A political subdivision that has incurred "eligible costs" to remediate environmental pollution on a parcel of property may apply to DOR to certify the "environmental remediation tax incremental base" of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by DNR that contains cost estimates for anticipated

eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that the department has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an "environmental remediation tax increment"; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated.

This bill makes technical changes to the environmental remediation tax incremental financing program. These changes include creating a definition of "project expenditures" and a definition of "environmental remediation tax incremental district" (ERTID) that is somewhat similar to the definition of "tax incremental district" under the TIF program; making changes to the definitions of "environmental remediation tax increment," "environmental remediation tax incremental base," and "taxable property"; creating procedures for the termination of an ERTID that are similar to the termination procedures of a tax incremental district under the TIF program; requiring that the final report under the program include an independent certified financial audit; requiring that DOR be provided with a final accounting of the ERTID's project expenditures and the final amount of eligible costs that have been paid for an ERTID; and modifying certain provisions of the program to apply to contiguous parcels of property or land, as well as a parcel of property or land.

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

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4 property taxes levied on a parcel of real property that is certified under this section
5 taxable property in a year by a fraction having as a numerator the environmental
6 remediation value increment for that year ~~for that parcel in such district~~ and as a
7 denominator that year's equalized value of that ~~parcel~~ taxable property. In any year,
8 an environmental remediation tax increment is "positive" if the environmental

1 remediation value increment is positive; it is “negative” if the environmental
2 remediation value increment is negative.

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5 aggregate value, as equalized by the department, of a parcel of real taxable property
6 that is certified under this section as of the January 1 preceding the date on which
7 the department of natural resources issues a certificate certifying that
8 environmental pollution on the property has been remediated in accordance with
9 rules promulgated by the department of natural resources environmental
10 remediation tax incremental district is created, as determined under sub. (1m) (b).

11 **SECTION 3.** 66.1106 (1) (fm) of the statutes is created to read:

12 66.1106 (1) (fm) “Environmental remediation tax incremental district” means
13 a contiguous geographic area within a political subdivision defined and created by
14 resolution of the governing body of the political subdivision consisting solely of whole
15 units of property as are assessed for general property tax purposes, other than
16 railroad rights-of-way, rivers, or highways. Railroad rights-of-way, rivers, or
17 highways may be included in an environmental remediation tax incremental district
18 only if they are continuously bounded on either side, or on both sides, by whole units
19 of property as are assessed for general property tax purposes which are in the
20 environmental remediation tax incremental district. “Environmental remediation
21 tax incremental district” does not include any area identified as a wetland on a map
22 under s. 23.32.

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24 66.1106 (1) (g) “Environmental remediation value increment” means the
25 equalized value of a parcel of real taxable property that is certified under this section

1 minus the environmental remediation tax incremental base. In any year, the
2 environmental remediation value increment is “positive” if the environmental
3 remediation tax incremental base of the ~~parcel of~~ taxable property is less than the
4 aggregate value of the ~~parcel of~~ taxable property as equalized by the department; it
5 is “negative” if that base exceeds that aggregate value.

6 **SECTION 5.** 66.1106 (1) (i) of the statutes is amended to read:

7 66.1106 (1) (i) “Period of certification” means a period of not more than 16 years
8 beginning after the department certifies the environmental remediation tax
9 incremental base of ~~a parcel of property~~ under sub. (4) or a period before all eligible
10 costs have been paid, whichever occurs first.

11 **SECTION 6.** 66.1106 (1) (jm) of the statutes is created to read:

12 66.1106 (1) (jm) “Project expenditures” means the sum of eligible costs and all
13 other costs incurred by a political subdivision in the creation and operation of an
14 environmental remediation tax incremental district.

15 **SECTION 7.** 66.1106 (1) (k) of the statutes is amended to read:

16 66.1106 (1) (k) “Taxable property” means all real and personal taxable property
17 located in an environmental remediation tax incremental district.

18 **SECTION 8.** 66.1106 (1m) of the statutes is created to read:

19 66.1106 (1m) CREATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL
20 DISTRICTS. In order to implement the provisions of this section, the governing body
21 of the political subdivision shall adopt a resolution which does all of the following:

22 (a) Describes the boundaries of an environmental remediation tax incremental
23 district with sufficient definiteness to identify with ordinary and reasonable
24 certainty the territory included within the district.

1 (b) Creates such district as of a date therein provided. If the resolution is
2 adopted during the period between January 2 and September 30, then such date
3 shall be the next preceding January 1. If such resolution is adopted during the period
4 between October 1 and December 31, then such date shall be the next subsequent
5 January 1. If the resolution is adopted on January 1, the environmental remediation
6 tax incremental district shall have been created as of the date of the resolution.

7 **SECTION 9.** 66.1106 (2) (a) of the statutes is amended to read:

8 66.1106 (2) (a) A political subdivision that develops, and whose governing body
9 approves, a written proposal to remediate environmental pollution may use an
10 environmental remediation tax increment to pay the eligible costs of remediating
11 environmental pollution on contiguous parcels of property that are located in an
12 environmental remediation tax incremental district within the political subdivision
13 and that are not part of a tax incremental district created under s. 66.1105, as
14 provided in this section, except that a political subdivision may use an
15 environmental remediation tax increment to pay the cost of remediating
16 environmental pollution of groundwater without regard to whether the property
17 above the groundwater is owned by the political subdivision. No political subdivision
18 may submit an application to the department under sub. (4) until the joint review
19 board approves the political subdivision's written proposal under sub. (3).

20 **SECTION 10.** 66.1106 (4) (intro.) of the statutes is amended to read:

21 66.1106 (4) CERTIFICATION. (intro.) Upon written application to the department
22 of revenue by the clerk of a political subdivision on or before ~~April 1 of the year~~
23 ~~following the year in which the certification described in par. (a) is received from the~~
24 ~~department of natural resources~~ December 31 of the year the environmental

1 remediation tax incremental district is created, as determined under sub. (1m) (b),
2 except that if the environmental remediation tax incremental district is created
3 during the period between October 1 and December 31, on or before December 31 of
4 the following year, the department of revenue shall certify to the clerk of the political
5 subdivision the environmental remediation tax incremental base of a parcel of real
6 property if all of the following apply:

7 **SECTION 11.** 66.1106 (4) (b) of the statutes is amended to read:

8 66.1106 (4) (b) The political subdivision submits a statement that all taxing
9 jurisdictions with the authority to levy general property taxes on the parcel or
10 contiguous parcels of property have been notified that the political subdivision
11 intends to recover the costs of remediating environmental pollution on the property
12 and have been provided a statement of the estimated costs to be recovered.

13 **SECTION 12.** 66.1106 (7) (a) of the statutes is amended to read:

14 66.1106 (7) (a) Subject to pars. (b), (c) and (d), the department shall annually
15 authorize the positive environmental remediation tax increment with respect to a
16 parcel or contiguous parcels of property during the period of certification to the
17 political subdivision that incurred the costs to remediate environmental pollution on
18 the property, except that an authorization granted under this paragraph does not
19 apply after the department receives the notice described under sub. (10) (b).

20 **SECTION 13.** 66.1106 (7) (d) 1. of the statutes is amended to read:

21 66.1106 (7) (d) 1. The department may not authorize a positive environmental
22 remediation tax increment under par. (a) to pay otherwise eligible costs that are
23 incurred by the political subdivision after the department of natural resources
24 certifies to the department of revenue that environmental pollution on the parcel or
25 contiguous parcels of property has been remediated unless the costs are associated

1 with activities, as determined by the department of natural resources, that are
2 necessary to close the site described in the site investigation report.

3 **SECTION 14.** 66.1106 (9) of the statutes is amended to read:

4 66.1106 (9) SEPARATE ACCOUNTING REQUIRED. An environmental remediation tax
5 increment received with respect to a parcel or contiguous parcels of land that is
6 subject to this section shall be deposited in a separate fund by the treasurer of the
7 political subdivision. No money may be paid out of the fund except to pay eligible
8 costs for a parcel or contiguous parcels of land, or to reimburse the political
9 subdivision for such costs ~~or to satisfy claims of holders of bonds or notes issued to~~
10 ~~pay eligible costs.~~ If an environmental remediation tax increment that has been
11 collected with respect to a parcel of land remains in the fund after the period of
12 certification has expired, it shall be paid to the treasurers of the taxing jurisdictions
13 in which the parcel is located in proportion to the relative share of those taxing
14 jurisdictions in the most recent levy of general property taxes on the parcel.

15 **SECTION 15.** 66.1106 (10) (a) of the statutes is amended to read:

16 66.1106 (10) (a) Prepare and make available to the public updated annual
17 reports describing the status of all projects to remediate environmental pollution
18 funded under this section, including revenues and expenditures. A copy of the report
19 shall be sent to all taxing jurisdictions with authority to levy general property taxes
20 on the parcel or contiguous parcels of property by May 1 annually.

21 **SECTION 16.** 66.1106 (10) (b) of the statutes is amended to read:

22 66.1106 (10) (b) Notify the department within 10 days after the period of
23 certification for a parcel or contiguous parcels of property has expired.

24 **SECTION 17.** 66.1106 (10) (c) of the statutes is created to read:

1 66.1106 (10) (c) Not later than 12 months after the last expenditure is made
2 or not later than 12 months after an expenditure may be made under sub. (2) (b),
3 whichever comes first, prepare and make available to the public a report that is
4 similar to the report required under par. (a), except that the report required under
5 this paragraph shall also include an independent certified audit of each project to
6 determine if all financial transactions were made in a legal manner and to determine
7 if each environmental remediation tax incremental district complied with this
8 section. A copy of the report shall be sent out to all taxing jurisdictions which
9 received the reports under par. (a).

10 **SECTION 18.** 66.1106 (10) (d) of the statutes is created to read:

11 66.1106 (10) (d) Not later than 180 days after an environmental remediation
12 tax incremental district terminates under sub. (11), provide the department with all
13 of the following on a form that is prescribed by the department:

14 1. A final accounting of project expenditures that are made for an
15 environmental remediation tax incremental district.

16 2. The final amount of eligible costs that have been paid for an environmental
17 remediation tax incremental district.

18 3. The total amount of environmental remediation tax increments that have
19 been paid to the political subdivision.

20 **SECTION 19.** 66.1106 (11) of the statutes is created to read:

21 66.1106 (11) **TERMINATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL**
22 **DISTRICTS.** An environmental remediation tax incremental district terminates when
23 the earlier of the following occurs:

1 (a) That time when the political subdivision has received aggregate
2 environmental remediation tax increments with respect to the district in an amount
3 equal to the aggregate of all eligible costs.

4 (b) Sixteen years after the department certifies the environmental remediation
5 tax incremental base of a parcel or contiguous parcels of property under sub. (4).

6 (c) The political subdivision's legislative body, by resolution, dissolves the
7 district at which time the political subdivision becomes liable for all unpaid eligible
8 costs actually incurred which are not paid from the separate fund under sub. (9).

9 **SECTION 20.** 66.1106 (12) of the statutes is created to read:

10 66.1106 (12) (a) NOTICE OF DISTRICT TERMINATION. A political subdivision which
11 creates a tax incremental district under this section shall give the department
12 written notice within 10 days of the termination of the environmental remediation
13 tax incremental district under sub. (11).

14 (b) If the department receives a notice under par. (a) during the period from
15 January 1 to May 15, the effective date of the notice is the date the notice is received.
16 If the notice is received during the period from May 16 to December 31, the effective
17 date of the notice is the first January 1 after the department receives the notice.

18 **SECTION 21.** 74.23 (1) (b) of the statutes is amended to read:

19 74.23 (1) (b) *General property taxes.* After making the distribution under par.
20 (a), the taxation district treasurer shall pay to each taxing jurisdiction within the
21 district its proportionate share of general property taxes, except that the treasurer
22 shall pay the state's proportionate share to the county. As part of that distribution,
23 the taxation district treasurer shall retain for the taxation district and for each tax
24 incremental district within the taxation district and each environmental
25 remediation tax incremental district created by the taxation district its

1 proportionate share of general property taxes. The taxation district treasurer shall
2 also distribute to the county the proportionate share of general property taxes for
3 each environmental remediation tax incremental district created by the county.

4 **SECTION 22.** 74.25 (1) (b) 1. of the statutes is amended to read:

5 74.25 (1) (b) 1. Pay in full to each taxing jurisdiction within the district all
6 personal property taxes included in the tax roll which have not previously been paid
7 to, or retained by, that taxing jurisdiction, except that the treasurer shall pay the
8 state's proportionate share to the county. As part of that distribution, the taxation
9 district treasurer shall allocate to each tax incremental district within the taxation
10 district and each environmental remediation tax incremental district created by the
11 taxation district its proportionate share of personal property taxes. The taxation
12 district treasurer shall also distribute to the county the proportionate share of
13 general property taxes for each environmental remediation tax incremental district
14 created by the county.

15 **SECTION 23.** 74.25 (1) (b) 2. of the statutes is amended to read:

16 74.25 (1) (b) 2. Pay to each taxing jurisdiction within the district its
17 proportionate share of real property taxes, except that the treasurer shall pay the
18 state's proportionate share to the county. As part of that distribution, the taxation
19 district treasurer shall retain for the taxation district and for each tax incremental
20 district within the taxation district and each environmental remediation tax
21 incremental district created by the taxation district its proportionate share of real
22 property taxes. The taxation district treasurer shall also distribute to the county the
23 proportionate share of general property taxes for each environmental remediation
24 tax incremental district created by the county.

25 **SECTION 24.** 74.30 (1) (i) of the statutes is amended to read:

1 74.30 (1) (i) Pay in full to each taxing jurisdiction within the district all
2 personal property taxes included in the tax roll which have not previously been paid
3 to, or retained by, each taxing jurisdiction, except that the treasurer shall pay the
4 state's proportionate share to the county. As part of that distribution, the taxation
5 district treasurer shall allocate to each tax incremental district within the taxation
6 district and each environmental remediation tax incremental district created by the
7 taxation district its proportionate share of personal property taxes. The taxation
8 district treasurer shall also distribute to the county the proportionate share of
9 general property taxes for each environmental remediation tax incremental district
10 created by the county.

11 **SECTION 25.** 74.30 (1) (j) of the statutes is amended to read:

12 74.30 (1) (j) Pay to each taxing jurisdiction within the district its proportionate
13 share of real property taxes, except that the treasurer shall pay the state's
14 proportionate share to the county. As part of that distribution, the taxation district
15 treasurer shall retain for the taxation district and for each tax incremental district
16 within the taxation district and each environmental remediation tax incremental
17 district created by the taxation district its proportionate share of real property taxes.
18 The taxation district treasurer shall also distribute to the county the proportionate
19 share of general property taxes for each environmental remediation tax incremental
20 district created by the county.

21 **SECTION 26.** 74.30 (2) (b) of the statutes is amended to read:

22 74.30 (2) (b) Pay to each taxing jurisdiction within the district its proportionate
23 share of real property taxes collected, except that the taxation district treasurer shall
24 pay the state's proportionate share to the county, and the county treasurer shall
25 settle for that share under s. 74.29. As part of that distribution, the taxation district

1 treasurer shall retain for the taxation district and for each tax incremental district
2 within the taxation district and each environmental remediation tax incremental
3 district created by the taxation district its proportionate share of real property taxes.
4 The taxation district treasurer shall also distribute to the county the proportionate
5 share of general property taxes for each environmental remediation tax incremental
6 district created by the county.

7 **SECTION 27.** 79.095 (1) (c) of the statutes is amended to read:

8 79.095 (1) (c) "Taxing jurisdiction" means a municipality, county, school
9 district, special purpose district, tax incremental district, environmental
10 remediation tax incremental district, or technical college district.

11 **SECTION 28.** 79.095 (2) (b) of the statutes is amended to read:

12 79.095 (2) (b) On or before December 31, the tax rate used for each tax
13 incremental district for which the municipality assesses property and for each
14 environmental remediation tax incremental district for which the municipality
15 assesses property.

16 **SECTION 29.** 234.01 (4n) (a) 3m. a. of the statutes is amended to read:

17 234.01 (4n) (a) 3m. a. The facility is in a tax incremental district or an
18 environmental remediation tax incremental district or is the subject of an urban
19 development action grant and will result in a net economic benefit to the state.

20 **SECTION 9359. Initial applicability; other.**

21 (1) ENVIRONMENTAL REMEDIATION TAX INCREMENTAL FINANCING. The treatment of
22 sections 66.1106 (1) (e), (f), (fm), (g), (i), (jm), and (k), (1m), (2) (a), (4) (intro.) and (b),
23 (7) (a) and (d) 1., (9), (10) (a), (b), (c), and (d), (11), and (12), 74.23 (1) (b), 74.25 (1) (b)
24 1. and 2., 74.30 (1) (i) and (j) and (2) (b), 79.095 (1) (c) and (2) (b), and 234.01 (4n) (a)
25 3m. a. of the statutes first applies to an environmental remediation tax incremental

1 district, the written remediation proposal for which is approved by the political
2 subdivision's governing body on the effective date of this subsection.

3 (END)