

2003 DRAFTING REQUEST

Bill

Received: **12/06/2002**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing: **Scott**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Munis - tax incrmntal financing**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Wieckert@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increase expenditure period for certain tax incremental financing districts (TIDs)

Instructions:

Extend from 7 years to 10 years the expenditure period for TIDs created on or after the effective date of the bill. (Scott said to draft the second item # 3 from page 3 of the bill analysis to 2001 AB 510, LRB -2253/2.) See attached.

Drafting History:

<u>VERS.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 01/13/2003	chanaman 01/16/2003		_____			S&L
/1			chaskett 01/22/2003	_____	mbarman 01/22/2003	amentkow 04/10/2003	

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For: 01/22/2003.

↳ ("1")

<END>

2003 DRAFTING REQUEST

Bill

Received: 12/06/2002

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Steve Wieckert (608) 266-3070

By/Representing: Scott

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Munis - tax incrmntal financing

Extra Copies:

Submit via email: YES

Requester's email: Rep.Wieckert@legis.state.wi.us ✓

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increase expenditure period for certain tax incremental financing districts (TIDs)

Instructions:

Extend from 7 years to 10 years the expenditure period for TIDs created on or after the effective date of the bill. (Scott said to draft the second item # 3 from page 3 of the bill analysis to 2001 AB 510, LRB -2253/2.) See attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 01/13/2003	chanaman 01/16/2003		_____			
/1			chaskett 01/22/2003	_____	mbarman 01/22/2003		

per Scott
in Wieckert's
office

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

/1

1/22/03

Scott

<END>

2003 DRAFTING REQUEST

Bill

Received: 12/06/2002

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Steve Wieckert (608) 266-3070

By/Representing: Scott

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Munis - tax incrmntal financing

Extra Copies:

Submit via email: YES

Requester's email: Rep.Wieckert@legis.state.wi.us

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Increase expenditure period for certain tax incremental financing districts (TIDs)

Instructions:

Extend from 7 years to 10 years the expenditure period for TIDs created on or after the effective date of the bill. (Scott said to draft the second item # 3 from page 3 of the bill analysis to 2001 AB 510, LRB -2253/2.) See attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
1	MES	1/13/03	1/20	1/21			
FE Sent For:		1/16		<END>			

ASSEMBLY BILL 510

Rep wrecker wants a bill that does only this!

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. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

This bill makes a number of technical and substantive changes to the TIF program. Among the technical changes, the bill does the following:

1. Prohibits DOR from certifying a tax incremental base of a TID until DOR reviews and approves the findings submitted by the city or village relating to the equalized value of taxable property in the TID and the equalized value of all of the taxable property in the city or village.
2. Allows a representative from a union high school district and a representative from an elementary school district to each have one-half vote on a joint review board.
3. Requires a city or village to provide DOR with a final accounting of TID project expenditures, project costs, and positive tax increments received. If the city or village does not provide this information to DOR within 60 days of the TID's termination, DOR may not certify the tax incremental base of any other TID in the city or village.

Among the substantive changes, the bill does the following:

1. Provides that, not later than five days after a joint review board submits its decision on a TIF proposal submitted by a city or village, a majority of the members of the board may request DOR to review the objective facts contained in the documents submitted to the board by the city or village. DOR must investigate the specific fact or item that the members believe is incomplete or inaccurate. If DOR finds that the proposal contains factual inaccuracies or does not comply with other statutory requirements, DOR must return the TIF proposal to the city or village for correction and resubmittal.

2. Requires DOR to prepare and update a manual on the TIF program.

3. For a TID that is created on or after the effective date of the bill, the bill increases from seven years to ten years the period during which expenditures related to the TID may be made by the city or village after the TID's creation. Currently, the ten year period only applies to TIDs created before October 1, 1995, and the seven year period only applies to TIDs created after September 30, 1995.

4. Requires that before a "donor" TID may transfer positive tax increments to another TID, it must have in its special fund sufficient revenues to pay for all incurred or expected project costs. Under current law, the "donor" TID need only have sufficient revenues to pay costs that are due in the current year.

5. Limits the inclusion in a TID of land that has been annexed by the city or village.

See D.66.1105 (6XAM) 1/1 (pp. 1, 2)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1076
MES:.....

Handwritten initials: PMNR

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

Handwritten initials: gen

AN ACT ...; relating to: increasing the expenditure period for certain tax incremental financing districts.

Handwritten arrow pointing down

~~*Analysis by the Legislative Reference Bureau*~~

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

ASSEMBLY BILL 510

1 66.1106 (11), 66.1106 (12), 66.1106 (13) and 73.03 (57) of the statutes; relating
2 to: making technical and policy changes in the tax incremental financing
3 program based on the recommendations of the governor's working group on tax
4 incremental finance and modifying the environmental remediation tax
5 incremental financing program.

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 within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the district as of a date provided in the resolution. Another step that must be taken before a TID may be created is the 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 within specified time frames or the TID may not be created. If an existing TID project plan is amended by a planning commission, all of these steps are also required.

Once these steps are accomplished, the city or village clerk is required to complete certain forms and an application and submit the documents to the department of revenue (DOR) on or before December 31 of the year in which the TID is created. Upon receipt of the application, DOR is required to certify the full aggregate value of the taxable property in the city or village, which constitutes the tax incremental base of the TID.

Also under current law, once a TID has been created, 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 project 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,

ASSEMBLY BILL 510

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. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

~~This bill makes a number of technical and substantive changes to the TIF program. Among the technical changes, the bill does the following:~~

- ~~1. Prohibits DOR from certifying a tax incremental base of a TID until DOR reviews and approves the findings submitted by the city or village relating to the equalized value of taxable property in the TID and the equalized value of all of the taxable property in the city or village.~~
- ~~2. Allows a representative from a union high school district and a representative from an elementary school district to each have one-half vote on a joint review board.~~
- ~~3. Requires a city or village to provide DOR with a final accounting of TID project expenditures, project costs, and positive tax increments received. If the city or village does not provide this information to DOR within 60 days of the TID's termination, DOR may not certify the tax incremental base of any other TID in the city or village.~~

~~Among the substantive changes, the bill does the following:~~

- ~~1. Provides that, not later than five days after a joint review board submits its decision on a TIF proposal submitted by a city or village, a majority of the members of the board may request DOR to review the objective facts contained in the documents submitted to the board by the city or village. DOR must investigate the specific fact or item that the members believe is incomplete or inaccurate. If DOR finds that the proposal contains factual inaccuracies or does not comply with other statutory requirements, DOR must return the TIF proposal to the city or village for correction and resubmittal.~~

~~2. Requires DOR to prepare and update a manual on the TIF program.~~

~~For a TID that is created on or after the effective date of the bill, the bill increases from seven years to ten years the period during which expenditures related to the TID may be made by the city or village after the TID's creation. Currently, the ten year period only applies to TIDs created before October 1, 1995, and the seven year period only applies to TIDs created after September 30, 1995.~~

~~4. Requires that before a "donor" TID may transfer positive tax increments to another TID, it must have in its special fund sufficient revenues to pay for all incurred or expected project costs. Under current law, the "donor" TID need only have sufficient revenues to pay costs that are due in the current year.~~

~~5. Limits the inclusion in a TID of land that has been annexed by the city or village.~~

Under this bill,

The bill first applies to TIDs that are created on October 1, 2004, and the bill takes effect on October 1, 2004.

FE-SL

People

ASSEMBLY BILL 510

1 ~~66.1105 (6) (a) 5. Twenty years after the tax incremental district is created if~~
2 ~~the district is created on or after the effective date of this subdivision [revisor~~
3 ~~inserts date], and if the district is at least predominantly suitable for industrial sites~~
4 ~~under sub. (4) (gm) 6.~~

5 **SECTION 25.** 66.1105 (6) (am) 1. of the statutes is renumbered 66.1105 (6) (am)

6 1. a. and amended to read:

7 66.1105 (6) (am) 1. a. For a tax incremental district that is created after
8 September 30, 1995, and before the effective date of this subd. 1. a. [revisor inserts
9 date], no expenditure may be made later than 7 years after the tax incremental
10 district is created, ~~and for,~~

11 b. For a tax incremental district that is created before October 1, 1995, no
12 expenditure may be made later than 10 years after the tax incremental district is
13 created, except that, for a tax incremental district that is created before October 1,
14 1995, and which receives tax increments under par. (d), no expenditure may be made
15 later than 12 years after the tax incremental district is created.

16 **SECTION 26.** 66.1105 (6) (am) 1. c. of the statutes is created to read:

17 66.1105 (6) (am) 1. c. For a tax incremental district that is created on or after
18 the effective date of this subd. 1. c. [revisor inserts date], all expenditures shall
19 be completed no later than 10 years after the tax incremental district is created.

20 ~~**SECTION 27.** 66.1105 (6) (e) 1. d. of the statutes is created to read:~~

21 ~~66.1105 (6) (e) 1. d. The donor tax incremental district has in its special fund,~~
22 ~~as described under par. (c), sufficient revenues to pay for all project costs that have~~
23 ~~been incurred, or are expected to be incurred, under the project plan for that district.~~

24 ~~**SECTION 28.** 66.1105 (6) (e) 2. of the statutes is repealed.~~

25 ~~**SECTION 29.** 66.1105 (7) (ae) of the statutes is created to read:~~

2003

Nonstat File Sequence: **E E E**

LRB 107611

MES: _____

INITIAL APPLICABILITY

- In the component bar:
 For the action phrase, execute: create → action: → *NS: → inappl
 For the budget action phrase, execute: create → action: → *NS: → 93XX
 For the text, execute: create → text: → *NS: → inappl
- Nonstatutory subunits are numbered automatically. Fill in the Section # or subsection # only if a "frozen" number is needed. Below, for the budget, fill in the 9300 department code.

SECTION # 93 **Initial applicability;**

(#1) ()

The treatment of sections ..

of the statutes

first applies to

- In the component bar:
 For the action phrase, execute: create → action: → *NS: → inappl
 For the text, execute: create → text: → *NS: → inapplA
- Nonstatutory subunits are numbered automatically. Fill in the Section # or subsection # only if a "frozen" number is needed.

SECTION # # **Initial applicability;**

(#1) ()

This act first

applies to a tax incremental district that is created on October 1, 2004.



2003

Nonstat File Sequence: **FFF**

LRB 1076,1

MES: _____

EFFECTIVE DATE

1. In the component bar: For the action phrase, execute: ... **create** → **action:** → *NS: → **effdate**
For the text, execute: **create** → **text:** → *NS: → **effdateA**
2. Nonstatutory subunits are numbered automatically. Fill in the SECTION # or subsection # only if a "frozen" number is needed.

SECTION # 1 . Effective date.

(#1) () This act takes effect on October 1, 2004.

1. In the component bar: For the action phrase, execute: ... **create** → **action:** → *NS: → **effdateE**
For the text, execute: **create** → **text:** → *NS: → **effdate**
2. Nonstatutory subunits are numbered automatically. Fill in the SECTION # or subsection # only if a "frozen" number is needed.

SECTION # ____ . Effective dates;

..... This act takes effect on the day after publication, except as follows:

(#1) () The treatment of sections of the statutes takes effect on

1. In the component bar: For the budget action phrase, execute:.. **create** → **action:** → *NS: → **94XX**
For the text, execute: **create** → **text:** → *NS: → **effdate**
2. Nonstatutory subunits are numbered automatically. Fill in the SECTION # or subsection # only if a "frozen" number is needed. Below, for the budget, fill in the 9400 department code.

SECTION 94 ____ . Effective dates;

(#1) () The treatment of sections of the statutes takes effect on October 1, 2004.

(END)



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-8522

REFERENCE SECTION: (608) 266-0341
REFERENCE FAX: (608) 266-5648

January 28, 2003

MEMORANDUM

To: Representative Wieckert

From: Marc E. Shovers, Senior Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to 2003 (unintroduced) (LRB-1076/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

I believe that the Department of Revenue's point is well-taken and that you may wish to change the time period during which DOR may allocate tax increments under s. 66.1105 (6) (a) or the mandatory termination date under s. 66.1105 (7) (am) to maintain consistency between the expenditure period, the mandatory termination period, and the period during which tax increments may be allocated. For example, you could change the allocation of tax increments period under s. 66.1105 (6) (a) from 23 years to 26 years.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

January 27, 2003

TO: Marc Shovers
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on LRB 1076/1 – Increase Expenditure Period for Certain Tax Incremental Financing Districts (TIDs)

Under current law, tax incremental districts (TIDs) created after September 30, 1995 have 7 years in which to make public expenditures. Under s. 66.1105(7)(am) Wis. Stats., TIDs created after September 30, 1995 must terminate 16 years after the last expenditure. This is consistent with s. 66.1105(6)(a), Wis. Stats., that directs the Department of Revenue to authorize the allocation of tax increments for a maximum of 23 years for these TIDs (7 year expenditure period plus 16 year recovery period).

The bill extends the expenditure period from 7 to 10 years for TIDs created after October 1, 2004, but does not change the 16-year recovery period or the 23-year maximum life. This creates an inconsistency to the extent that a 10-year expenditure period and a 16-year recovery period is not consistent with the 23-year maximum life. Since the department may not authorize tax increments longer than 23 years, the bill would be administered as under current law; however, the author may wish to clarify the recovery period to provide greater consistency between the expenditure, recovery and termination periods.

If you have questions regarding this technical memorandum, please contact Rebecca Boldt at 266-6785.

Memo

To: Senator

Representative

Wieckert

(The Draft's Requestor)

Per your request ... the attached is a fiscal estimate was prepared for your un-introduced 2003 draft.

LRB Number: LRB - **1076**

Version: "**/ 1**"

Fiscal Estimate Prepared By: (agency abbr.)

DOR

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requestor Via E-Mail: **01 / 28 / 2003**

* * * * *

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For A Un-Introduced Draft*

> **If re-drafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version this fiscal estimate was based on), and before mark-up of the draft on the updated version.

> **If introduced** ... and the version of the attached fiscal estimate is for a **previous version** ... please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version this fiscal estimate was based on), and before mark-up of the draft on the updated version. Have Mike (or Lynn) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced** ... and the version of the attached fiscal estimate is for the **current version** ... please write the drafts introduction number below and give to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2003

AB-319

Barman, Mike

From: Barman, Mike
Sent: Tuesday, January 28, 2003 1:15 PM
To: Rep.Wieckert
Subject: LRB-1076/1 (FE by DOR - attached - for your review)



FE_Wieckert.pdf

FE_Wieckert.pdf