LRB-2724

2003 DRAFTING REQUEST

Bill

Received: **05/14/2003**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Steve Kestell (608) 266-8530**

By/Representing: **Chris**

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.Kestell@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Tax incremental financing (TIF) changes for TIF district # 6 in Sheboygan

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Instructions:

Companion to 03-2124/2

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mshovers 05/14/2003	kgilfoy 05/14/2003		_____ _____			State
/1			pgreensl 05/14/2003	_____ _____	sbasford 05/14/2003	lemery 05/14/2003	

FE Sent For:

At intro.

<END>

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Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mshovers	/1 - 5/14 kmg	5/14 p8	~~5/14~~ jeo			

/1 MES 5/14/03

FE Sent For:

<END>

-2724/1
LRB-~~2124~~/2
MES:kmg:jf

RMNB

2003 BILL

1 AN ACT ***to renumber and amend*** 66.1105 (6) (a); ***to amend*** 66.1105 (6) (am) 2.
2 c. and 66.1105 (7) (am); and ***to create*** 66.1105 (6) (a) 5. and 66.1105 (7) (as) of
3 the statutes; **relating to:** extending the expenditure period and the life of a tax
4 incremental district in Sheboygan.

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.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only 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, generally, 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later than 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.

Currently, with regard to TID number six in Sheboygan, expenditures may be made no later than 13 years after the TID was created, or through December 31, 2004. That TID must terminate no later that 20 years after the last expenditure is made.

Under this bill, the expenditure period for TID number six in Sheboygan is extended to 15 years after the TID was created, or through December 31, 2006. The bill also authorizes DOR to allocate tax increments to this TID for 31 years after the TID was created.

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

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

1 **SECTION 1.** 66.1105 (6) (a) of the statutes is renumbered 66.1105 (6) (a) (intro.)
2 and amended to read:

3 66.1105 **(6)** (a) (intro.) If the joint review board approves the creation of the tax
4 incremental district under sub. (4m), positive tax increments with respect to a tax
5 incremental district are allocated to the city which created the district for each year
6 commencing after the date when a project plan is adopted under sub. (4) (g). The
7 department of revenue may not authorize allocation of tax increments until it
8 determines from timely evidence submitted by the city that each of the procedures
9 and documents required under sub. (4) (d) to (f) has been completed and all related
10 notices given in a timely manner. The department of revenue may authorize

allocation of tax increments for any tax incremental district only if the city clerk and assessor annually submit to the department all required information on or before the 2nd Monday in June. The facts supporting any document adopted or action taken to comply with sub. (4) (d) to (f) are not subject to review by the department of revenue under this paragraph. After the allocation of tax increments is authorized, the department of revenue shall annually authorize allocation of the tax increment to the city that created the district until the soonest of the following events:

1. The department of revenue receives a notice under sub. (8) and the notice has taken effect under sub. (8) (b)~~, 27~~.

2. Twenty–seven years after the tax incremental district is created if the district is created before October 1, 1995, 38.

3. Thirty–eight years after the tax incremental district is created if the district is created before October 1, 1995, and the project plan is amended under sub. (4) (h) 3. ~~or 23~~

4. Twenty–three years after the tax incremental district is created if the district is created after September 30, 1995~~, whichever is sooner~~.

SECTION 2. 66.1105 (6) (a) 5. of the statutes is created to read:

66.1105 **(6)** (a) 5. Thirty–one years after the tax incremental district is created if the district is created before October 1, 1995, and the expenditure period is specified in par. (am) 2. c.

SECTION 3. 66.1105 (6) (am) 2. c. of the statutes is amended to read:

66.1105 **(6)** (am) 2. c. Expenditures for project costs for Tax Incremental District Number Six in a city with a population of at least 45,000 that is located in a county that was created in ~~1853~~ 1836 and that is adjacent to one of the Great Lakes.

Such expenditures may be made no later than ~~13~~ 15 years after the tax incremental district is created, and may be made through December 31, ~~2004~~ 2006.

SECTION 4. 66.1105 (7) (am) of the statutes is amended to read:

66.1105 **(7)** (am) Sixteen years after the last expenditure identified in the project plan is made if the district to which the plan relates is created after September 30, 1995, or 20 years after the last expenditure identified in the project plan is made if the district to which the plan relates is created before October 1, 1995, except that in no case may the total number of years during which expenditures are made under sub. (6) (am) 1. plus the total number of years during which tax increments are allocated under ~~this paragraph~~ sub. (6) (a) exceed 27 years.

SECTION 5. 66.1105 (7) (as) of the statutes is created to read:

66.1105 **(7)** (as) Notwithstanding par. (am), 16 years after the last expenditure identified in the project plan is made if the district to which the plan relates is created before October 1, 1995, and the expenditure period is specified in sub. (6) (am) 2. c.

(END)

Emery, Lynn

From: Kestell, Steve
Sent: Wednesday, May 14, 2003 3:41 PM
To: LRB.Legal
Subject: Draft review: LRB 03-2724/1 Topic: Tax incremental financing (TIF) changes for TIF district # 6 in Sheboygan

It has been requested by <Kestell, Steve> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-2724/1 Topic: Tax incremental financing (TIF) changes for TIF district # 6 in Sheboygan