



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Added To File: 11/03/2003 (Per: MES)



☞ The 2003 drafting file for LRB 03-2981/3
has been copied/added to the 2003 drafting file for
LRB 03-3622

☞ The attached 2003 draft was incorporated into the new 2003 draft listed above. For research purposes, this cover sheet and the attached drafting file were copied, and added, as a appendix, to the new 2003 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

☞ This cover sheet was added to rear of the original 2003 drafting file. The drafting file was then returned, intact, to its folder and filed.

2003 DRAFTING REQUEST

Bill

Received: 06/04/2003

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Garey Bies (608) 266-5350

By/Representing: Andrew

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.Bies@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Modify provision of the tax incremental financing, TIF, law for the City of Sturgeon Bay

Instructions:

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 07/17/2003	kgilfoy 08/01/2003		_____			State
/1			rschluet 08/04/2003	_____	lemery 08/04/2003		State
/2	mshovers	kgilfoy	jfrantze	_____	sbasford		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	09/26/2003	09/29/2003	09/30/2003	_____	09/30/2003		
/3	mshovers 10/03/2003	kgilfoy 10/03/2003	rschlue 10/03/2003	_____ _____ _____	lnorthro 10/03/2003	mbarman 10/15/2003 mbarman 10/15/2003	

FE Sent For:

<END>

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/2	mshovers	kgilfoy <i>13-10/3 kmg</i>	jfrantze <i>[Signature]</i>	_____	sbasford		

09/30/2003 11:25:10 AM

Page 2

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/?	mshovers 07/17/2003	kgilfoy 08/01/2003		_____			State
/1	<i>12 MES a/</i> Kmg 08/03	<i>12-9/26</i> rschluet 08/04/2003		_____	lemery 08/04/2003		
			<i>8/30</i>	<i>9/30</i>			

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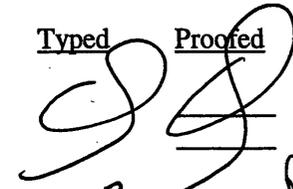
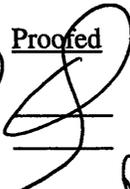
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1?	mshovers	1-8/1 Kmg					
1/1	MES 7/17/03		8-4-3				P6

FE Sent For:

<END>



STATE REPRESENTATIVE
Garey Bies
1ST ASSEMBLY DISTRICT



Marc,

Here is the info from Sturgeon Bay.
When you get a chance, take a look at
it and give me a call.

Thanks,

Andrew
6-5350

CITY of STURGEON BAY



John C. (Jay) Krauss, City Administrator
36 S. Third Avenue - P.O. Box 47
Sturgeon Bay, WI 54235

920-746-2903
920-746-2905 FAX

May 8, 2003

State Representative Garey Bies
Room 125 West State Capitol
P.O. Box 8952
Madison, WI 53708-8952

Re: Legislative Support
City of Sturgeon Bay Tax Increment District No. 2

Dear Representative Bies:

On behalf of the City of Sturgeon Bay please accept our thanks for your support and participation in the recent Door County Legislative Day event. As part of the Legislative Day agenda item for improvement of the Door County business climate, a request was made to extend the statutory life of the City of Sturgeon Bay Tax Increment Finance District No. 2. The City seeks an additional five year period to allow the following:

1. Expand funds.
2. Issue debt.
3. Recover project costs.
4. Amend the project plan to add territory or determine project expenditures.

Diff for additional 2 year extension to provide 5-year total extension from time of amending plan

Do not want this.

all 16/04 resolution means 1/1/94 creation date

The City of Sturgeon Bay TID No. 2 was created on September 16, 1994. The area initially included in the TID is where most of the downtown redevelopment has occurred in recent years. However, since 1994 Peterson Builders Incorporated ceased operations and an additional approximately 15 acres of blighted property became available for redevelopment. This event was unforeseen in 1994.

On August 29, 2001 the City adopted a boundary amendment to TID No. 2, adding the Peterson Builders, Inc. property and a number of smaller parcels to TID No. 2. This amendment was completed just 18 days before the statutory authority to amend the district expired, and provided opportunity to facilitate redevelopment within the added area. Unfortunately, uncertainty over location of a new downtown bridge and general economic circumstances have impacted successful redevelopment of the site.

Expenditure limit is 10 YRS under (6)(am) can receive allocations for 27 yrs under D. (6)(a), but terminate 20 yrs after last proj. plan is made, under D. (7)(am), so to "27 yr rule" in sub. (7)(am)

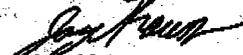
The City is finally receiving interest from the development community in the property, but is challenged by the statutory time limits of having to complete projects by September 16, 2004. It is virtually impossible to design and implement projects by this date. Likewise, due to site conditions, redevelopment without TIF support to questionable. Further due to the success of the original TID No. 2 projects, the City lacks the TIF capacity to establish new tax increment districts under Statute 66.1105 until the existing TIDs are retired.

Representative Garey Bies
May 8, 2003
Page Two

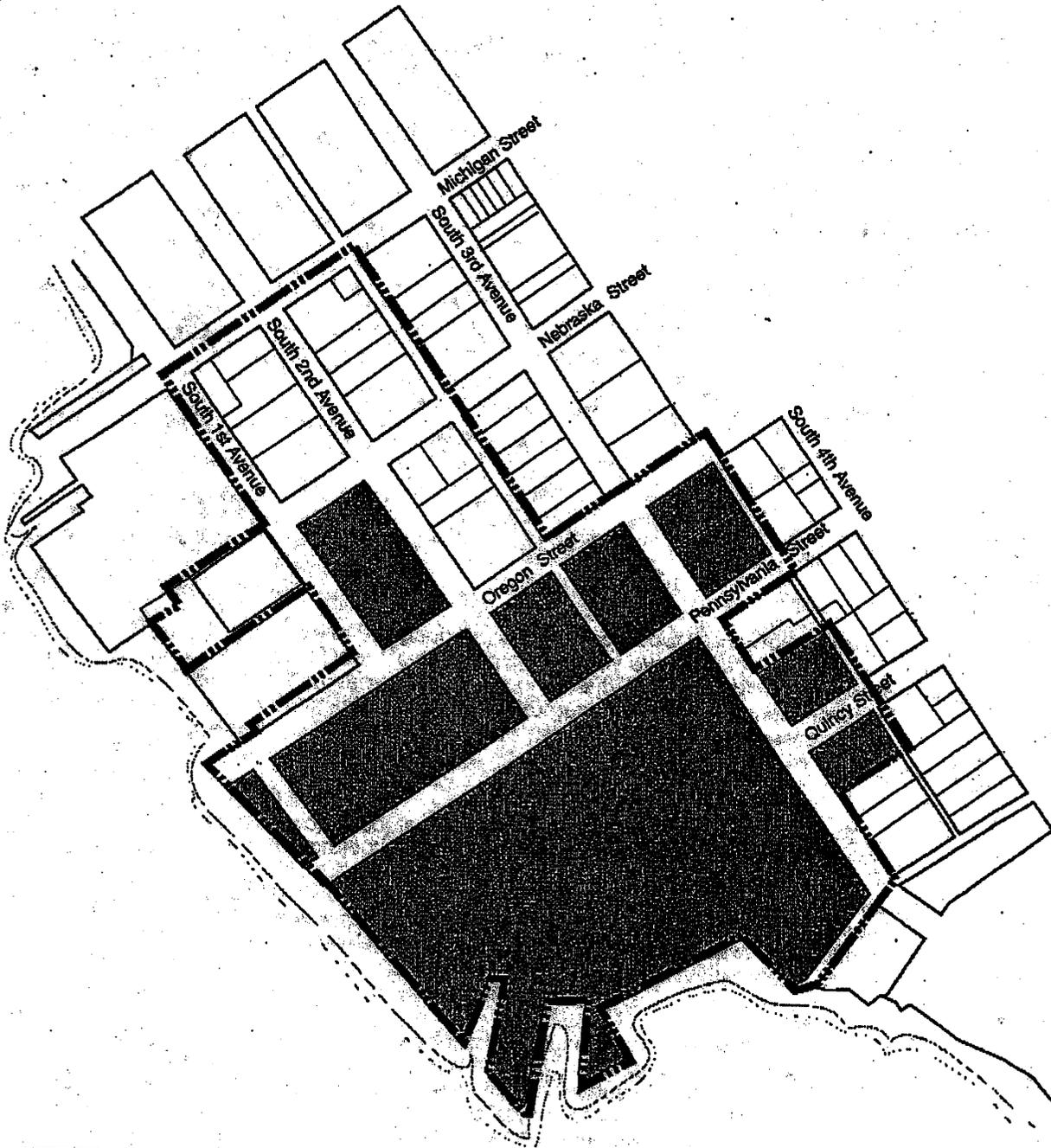
As you have seen, the City of Sturgeon Bay has made effective but conservative use of the tax increment financing to promote both industrial development and waterfront redevelopment. Given the economic times and redevelopment opportunities presented, the City asks your support in this matter as it presents potential benefits for Sturgeon Bay, Door County, and the State.

If you have any questions, please contact me.

Very truly yours,


Jay Krauss
City Administrator

cc: Mayor and Common Council
Door County Economic Development Corp.



-  Added TID Project Area Boundary
-  Redevelopment Opportunity Sites

Figure 7
 Redevelopment Opportunity Site Map-Added TID Project Area



Notes to file

As of - today, 7/16/03, TIP #2
 did receive allocations, until 2021, because
 under sub. (7) (am), the TIP must terminate
 by $(1994 + 27 =) 2021$ - But sub. (6) (a)
 authorizes allocations until 2022, assuming
 TIP #2 got its first allocation in 1995,
 because $1995 + 27 = 2022$

∴ Authorize receipt of allocations for 2 yrs
 beyond the max date TIP #2 wld otherwise
 get allocations or 2023

∴ MAND Term date must change to
 2023 also, or 14 years after last exp.

is made $(1994 + 10 + 3 \text{ yr extension} + 2 \text{ yrs required}$
 sub. (6) (am) 1. sub. (4) (b) 2. by Rep. Bies

2023
 1994
 29

$1994 + 10 + 3 + 2 = 2009$
 $2009 + 14 = 2023$

or 20 years after the TIP is created

Notes to
file

~~prohibiting~~ a development moratorium

resolution adopted 1/16/94

in CR; 1/1/94

probably started receiving
increments in June 1995
see sub. (6)(a)

Expenditure limit is 10 yrs, ~~2004~~ → sub. (6)(am)

Can receive allocations for 27 yrs sub. (6)(a)

Must terminate 20 yrs after last exp. made,
under sub. (7)(am), ~~but~~ but really did for
17 yrs because of "rule of 27 years"
under sub. (7)(am)

MANDATORY term. date: w/ extension if exp. pd to 2009, 2029,
but with "rule of 27", wld be 1994+27 = 2021

Plan amended 8/29/01, so expenditures cld be
made until 2007 -- (2004 + 3 yrs under sub. (4)(h) 2.)

★ Extends expenditure limit from 1/1/04 to
1/1/07 -- but expenditures under sub. (6)(am) i. can be made only
up to 1/1/04

If first allocations under sub. (6)(a) were received
in 1995, 1995 + 27 = 2022

w/ exp. pd under (6)(am) of 1/1/04, allocations can
be made only ~~not~~ for 13 more years until mand.
term.

Extend exp. pd to 5 years from date of
AM; if proj. plan, + extend mand term date

If they want to receive expenditures

-2981 //
LRB-2124/2
MES:kmj:jf
RMR

2003 SENATE BILL 167

P. No. 2

May 14, 2003 - Introduced by Senators LEIBHAM and PANZER, cosponsored by Representatives KESTELL, VAN AKKEREN and LEMAHIEU. Referred to Committee on Homeland Security, Veterans and Military Affairs and Government Reform

regen

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 tax
4 incremental district ~~in Sheboygan~~ → Number Two in the city of Sturgeon Bay

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

SENATE BILL 167

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 ^{N Two} six in ^{the City of Sturgeon Bay} 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 than ^{20 years after the last expenditure is made than 2021} 20 years after the last expenditure is made.

Under this bill, the expenditure period for TID number ^{N Two} six in ^{Sturgeon Bay} 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 ¹⁵ 14 years after the TID was created, and the TID must terminate in 2023, which is 14 years after the last expenditure in the project plan is made.

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

SENATE BILL 167

1 allocation of tax increments for any tax incremental district only if the city clerk and
 2 assessor annually submit to the department all required information on or before the
 3 2nd Monday in June. The facts supporting any document adopted or action taken
 4 to comply with sub. (4) (d) to (f) are not subject to review by the department of revenue
 5 under this paragraph. After the allocation of tax increments is authorized, the
 6 department of revenue shall annually authorize allocation of the tax increment to
 7 the city that created the district until the soonest of the following events:

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

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

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

14 3. ~~or 23~~

15 4. Twenty-three years after the tax incremental district is created if the district
 16 is created after September 30, 1995, whichever is sooner.

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

18 66.1105 (6) (a) ~~of~~ ⁶ ~~Thirty-one~~ ^{Twenty-nine} years after the tax incremental district is created
 19 if the district is created before October 1, 1995, and the expenditure period is
 20 specified in par (am) ~~2. c.~~ ^{Tax Incremental District Number Two in the city}
~~of Sturgeon Bay~~

INS
3-21

TWO

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

22 66.1105 (6) (am) 2. c. Expenditures for project costs for Tax Incremental
 23 District Number ~~31~~ in a city with a population of at least 45,000 that is located in
 24 a county that was created in 1853 ~~1836~~ and that is adjacent to one of the Great Lakes.

SENATE BILL 167

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

3 SECTION 4. 66.1105 (7) (am) of the statutes is amended to read:
4 66.1105 (7) (am) Sixteen years after the last expenditure identified in the
5 project plan is made if the district to which the plan relates is created after
6 September 30, 1995, or 20 years after the last expenditure identified in the project
7 plan is made if the district to which the plan relates is created before October 1, 1995,
8 except that in no case may the total number of years during which expenditures are
9 made under sub. (6) (am) 1. plus the total number of years during which tax
10 increments are allocated under this paragraph sub. (6) (a) exceed 27 years.

(at) (11)
(at) (12)

11 SECTION 5. 66.1105 (7) (a)^t of the statutes is created to read:
12 66.1105 (7) (a)^t Notwithstanding par. (am), ~~15~~¹⁴ years after the last expenditure
13 identified in the project plan is made if the district to which the plan relates is created
14 before October 1, 1995, and the expenditure period is specified in sub. (6) (am) 2^{na}

(END)

is Tax Incremental District Number
Two in the city of Sturgeon Bay

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2981/?ins
MES.....

INS 3-21 ✓

SECTION 1. 66.1105 (6) (am) 2. d. of the statutes is created to read:

66.1105 (6) (am) 2. d. Expenditures for project costs for Tax Incremental District Number ^{Two} in the city of Sturgeon Bay ^{Such expenditures} may be made no later than 15 years after the tax incremental district is created, and may be made through December 31, 2009.

INS D-Note

Representative Bies:

Based on the information that you sent me from the Sturgeon Bay city administrator, I believe that this draft accomplishes your intent. You may wish to have the bill reviewed by the city and by the Department of Revenue to ensure that it meets the city's intent.



**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2981/1dn
MES:kmg:rs

August 4, 2003

Representative Bies:

Based on the information that you sent me from the Sturgeon Bay city administrator, I believe that this draft accomplishes your intent. You may wish to have the bill reviewed by the city and by the Department of Revenue to ensure that it meets the city's intent.

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



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-2981/2

MES:kmg:rs

RMR

2003 BILL

SOON

regen

percent

- 1 AN ACT *to create* 66.1105 (6) (a) 6., 66.1105 (6) (am) 2. d. and 66.1105 (7) (at) of
2 the statutes; **relating to:** extending the expenditure period and the life of Tax
3 Incremental District Number Two in the city of Sturgeon Bay.

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

BILL

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.

INS ANL-1

Currently, with regard to TID Number Two in the city of Sturgeon Bay, expenditures may be made no later than 13 years after the TID was created, or through December 31, 2007. ~~That~~ TID must terminate no later than 2021.

Under this bill, the expenditure period for TID Number Two in Sturgeon Bay is extended to 15 years after the TID was created, or through December 31, 2009. The bill also authorizes DOR to allocate tax increments to this TID for 29 years after the TID was created and the TID must terminate ~~in 2023~~, which is 14 years after the last expenditure in the project plan is made, *if the project plan is amended a second time*.

INS ANL-2

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

The TID's Project Plan has already been amended once, and currently the

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

INS 2-1

SECTION 1. 66.1105 (6) (a) 6. of the statutes is created to read:

2

66.1105 (6) (a) 6. Twenty-nine years after the tax incremental district is created if the district is Tax Incremental District Number ~~Two~~ ² in the city of Sturgeon Bay.

3
4

SECTION 2. 66.1105 (6) (am) 2. d. of the statutes is created to read:

5

66.1105 (6) (am) 2. d. Expenditures for project costs for Tax Incremental District Number ~~Two~~ ² in the city of Sturgeon Bay. *Subject to sub. (4) have* Such expenditures may be made no later than 15 years after the tax incremental district is created, and may be made through December 31, 2009.

6

7

8

9

SECTION 3. 66.1105 (7) (at) of the statutes is created to read:

10

(H) 6.0
[Signature]

BILL

1 66.1105 (7) (at) Notwithstanding par. (am), 14 years after the last expenditure
 2 identified in the project plan is made if the district is Tax Incremental District
 3 Number ~~Two~~ in the city of Sturgeon Bay. *and if the project plan is*

3
4

(END)

*amended under
 sub. (4) (h) 6 ✓*

2

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2981/2ins
MES:kmg:rs

NO#

INS ANL-1 ✓

→ Generally, under current law, a planning commission may amend a TID's project plan by adding territory to the district not more than once during the 7 years after the TID is created.

INS ANL-2 ✓

(NO#), although the bill also authorizes the planning commission to amend the TID's project plan one additional time. If the project plan is amended a second time, the expenditure period for TID Number Two in the city of Sturgeon Bay is extended for up to five years after the date on which the local legislative body adopts a resolution, which may be a date after December 31, 2009.

SECTION 1. 66.1105 (4) (h) 1. of the statutes, is amended to read:

as affected by 2003 Wisconsin Act 34

66.1105 (4) (h) 1. Subject to subds. 2., 3., 4., and 5., and 6., the planning commission may, by resolution, adopt an amendment to a project plan. The amendment is subject to approval by the local legislative body and approval requires the same findings as provided in par. (g). Any amendment to a project plan is also subject to review by a joint review board, acting under sub. (4m). Adoption of an amendment to a project plan shall be preceded by a public hearing held by the plan commission at which interested parties shall be afforded a reasonable opportunity to express their views on the amendment. Notice of the hearing shall be published as a class 2 notice, under ch. 985. The notice shall include a statement of the purpose and cost of the amendment and shall advise that a copy of the amendment will be provided on request. Before publication, a copy of the notice shall be sent by 1st class mail to the chief executive officer or administrator of all local governmental entities having the power to levy taxes on property within the district and to the school board of any school district which includes property located within the proposed district.

INS. 2-1

For a county with no chief executive officer or administrator, this notice shall be sent to the county board chairperson.

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; 2001 a. 5, 11, 16, 104; 2003 a. 34.

SECTION 2. 66.1105 (4) (h) 2. of the statutes is amended to read:

as amended by 2003 Wisconsin Act 34

66.1105 (4) (h) 2. Except as provided in subds. 3., 4., and 5., and 6., not more than once during the 7 years after the tax incremental district is created, the planning commission may adopt an amendment to a project plan under subd. 1. to modify the district's boundaries by adding territory to the district that is contiguous to the district and that is served by public works or improvements that were created as part of the district's project plan. Expenditures for project costs that are incurred because of an amendment to a project plan to which this subdivision applies may be made for not more than 3 years after the date on which the local legislative body adopts a resolution amending the project plan.

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; 2001 a. 5, 11, 16, 104; 2003 a. 34.

SECTION 3. 66.1105 (4) (h) 6. of the statutes is created to read:

2

66.1105 (4) (h) 6. With regard to Tax Incremental District Number ~~670~~ in the city of Sturgeon Bay, not more than twice after the district is created, the planning commission may adopt an amendment to a project plan under subd. 1. to modify the district's boundaries by adding territory to the district that is contiguous to the district and that is to be served by public works or improvements that were created as part of the district's project plan. Expenditures for project costs that are incurred because of an amendment to a project plan to which this subdivision applies may be made for not more than 5 years after the date on which the local legislative body adopts a resolution amending the project plan.

end of Ins. 2-1

NOTES ~~to file~~

2981

Created 9/16/94 -- considered 4/11/99
can make expenditures for 10 yrs
or through 12/31/04

Amended 8/01 -- get 3 yrs of
expenditures; same max as before -
through 12/31/04

must terminate 20 yrs after last exp.
or 12/31/04, except this is limited
by AB 61105 (7) (am) to 2021
may receive increments for 27 years after
creation, or until 2021
MUS

under bill: (1) MAY Am; proj. plan / maintenance
& may make expenditures for 5 yrs
after proj plan is Am;

(2) May receive tax increments for 2 more
yrs, until 2023

(3) May make expenditures 15 yrs after TIP
is created (10 + 5 extra) or until 12/31/09

(4) must terminate 14 yrs after last exp.
is made, or not later than 12/31/23

Shovers, Marc

From: Nowlan, Andrew
Sent: Friday, October 03, 2003 10:10 AM
To: Shovers, Marc
Subject: RE: SB TIF draft from Rep. Bies

Great, thanks Marc! Have a great weekend!

Andrew Nowlan
Research Assistant
Office of Rep. Garey Bies

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

From: Shovers, Marc
Sent: Friday, October 03, 2003 10:09 AM
To: Nowlan, Andrew
Subject: RE: SB TIF draft from Rep. Bies

Hi Andrew:

I think you mean LRB -2981/2, and the error is in paragraph 3. In any event, Mr. Krauss is correct and the analysis is in error. Generally, a TID such as TID # 2 in Sturgeon Bay has 10 years after its creation in 1994 to make its expenditures [see s. 66.1105 (6) (am) 1.], and if its project plan is amended, it gets 3 additional years in which to make expenditures [see s. 66.1105 (4) (h) 2.], so I just added 10 + 3, and got 2007. I forgot to check when TID # 2's project plan was amended, which was 2001 -- the last year in which its project plan could be amended under s. 66.1105 (4) (h) 2. Therefore, it's 3 "additional" years in which to make expenditures was still within the original 10 year period.

The bottom line of this confusing maze of statutes is that Mr. Krauss' calculations are correct and I will redraft the bill to fix the analysis. I believe that the text of the bill correctly reflects your intent, though, and if the bill was enacted with the incorrect analysis, it wouldn't change the legal effect of your intent. Thanks to you and Mr. Krauss for catching this error.

Marc

Marc E. Shovers

Senior Legislative Attorney
Legislative Reference Bureau
Phone: (608) 266-0129
Fax: (608) 264-8522
e-mail: marc.shovers@legis.state.wi.us

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

From: Nowlan, Andrew
Sent: Thursday, October 02, 2003 9:35 AM
To: Shovers, Marc
Subject: FW: SB TIF draft from Rep. Bies

Marc, can you double check this? It's regarding LRB 3078/2.

Andrew Nowlan

Research Assistant
Office of Rep. Garey Bies

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

From: jay krauss [mailto:jkrauss@itol.com]
Sent: Thursday, October 02, 2003 9:32 AM
To: Nowlan, Andrew
Subject: Re: SB TIF draft from Rep. Bies

Andrew,

Thanks for the update. I reviewed the draft and with the exception of the dates contained in paragraph 4 of the Legislative Reference Bureau analysis, everything looks good. I believe the correct references should be "no later than 10 years" and "through December 31, 2004". These appear to be the same time references I previously questioned.

Please let me know what you find out.

Jay

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

From: "Nowlan, Andrew" <Andrew.Nowlan@legis.state.wi.us>
To: <jkrauss@itol.com>
Sent: Wednesday, October 01, 2003 4:16 PM
Subject: SB TIF draft from Rep. Bies

> Jay,

>

> Just got the latest TIF draft back from the drafter. Take a look at it
and

> see if it is okay.

>

> <<SBTIF2.pdf>>

>

> Andrew Nowlan

> Research Assistant

> Office of Rep. Garey Bies

>

>

>



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-2981/2³

MES:kmg:jf

RMR

2003 BILL

Ed, LPS
only changes are
on p. 2 in ANL

SOON

regm

1 AN ACT to amend 66.1105 (4)(h) 1. and 66.1105 (4) (h) 2.; and to create 66.1105
2 (4) (h) 6., 66.1105 (6) (a) 6., 66.1105 (6) (am) 2. d. and 66.1105 (7) (at) of the
3 statutes; relating to: extending the expenditure period and the life of Tax
4 Incremental District Number Two in the city of Sturgeon Bay.

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 percent 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

BILL

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. Generally, under current law, a planning commission may amend a TID's project plan by adding territory to the district not more than once during the seven years after the TID is created. ten

Currently, with regard to TID Number Two in the city of Sturgeon Bay, expenditures may be made no later than ~~13~~¹⁵ years after the TID was created, or through December 31, 2007. The TID's project plan has already be amended once, and currently the TID must terminate no later than 2021.

Under this bill, the general expenditure period for TID Number Two in Sturgeon Bay is extended to 15 years after the TID was created, or through December 31, 2009, although the bill also authorizes the planning commission to amend the TID's project plan one additional time. If the project plan is amended a second time, the expenditure period for TID Number Two in the city of Sturgeon Bay is extended for up to five years after the date on which the local legislative body adopts a resolution, which may be a date after December 31, 2009. The bill also authorizes DOR to allocate tax increments to this TID for 29 years after the TID was created and the TID must terminate 14 years after the last expenditure in the project plan is made, if the project plan is amended a second time.

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 (4) (h) 1. of the statutes, as affected by 2003 Wisconsin Act
2 34, is amended to read:
3 66.1105 (4) (h) 1. Subject to subds. 2., 3., 4., and 5., and 6., the planning
4 commission may, by resolution, adopt an amendment to a project plan. The
5 amendment is subject to approval by the local legislative body and approval requires

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1 the same findings as provided in par. (g). Any amendment to a project plan is also
2 subject to review by a joint review board, acting under sub. (4m). Adoption of an
3 amendment to a project plan shall be preceded by a public hearing held by the plan
4 commission at which interested parties shall be afforded a reasonable opportunity
5 to express their views on the amendment. Notice of the hearing shall be published
6 as a class 2 notice, under ch. 985. The notice shall include a statement of the purpose
7 and cost of the amendment and shall advise that a copy of the amendment will be
8 provided on request. Before publication, a copy of the notice shall be sent by 1st class
9 mail to the chief executive officer or administrator of all local governmental entities
10 having the power to levy taxes on property within the district and to the school board
11 of any school district which includes property located within the proposed district.
12 For a county with no chief executive officer or administrator, this notice shall be sent
13 to the county board chairperson.

14 **SECTION 2.** 66.1105 (4) (h) 2. of the statutes, as affected by 2003 Wisconsin Act
15 34, is amended to read:

16 66.1105 (4) (h) 2. Except as provided in subds. 3., 4., and 5., and 6., not more
17 than once during the 7 years after the tax incremental district is created, the
18 planning commission may adopt an amendment to a project plan under subd. 1. to
19 modify the district's boundaries by adding territory to the district that is contiguous
20 to the district and that is served by public works or improvements that were created
21 as part of the district's project plan. Expenditures for project costs that are incurred
22 because of an amendment to a project plan to which this subdivision applies may be
23 made for not more than 3 years after the date on which the local legislative body
24 adopts a resolution amending the project plan.

25 **SECTION 3.** 66.1105 (4) (h) 6. of the statutes is created to read:

Barman, Mike

From: Shovers, Marc
Sent: Wednesday, October 15, 2003 1:49 PM
To: Barman, Mike
Subject: Please jacket LRB -2981/3, for the Assembly, for Rep. Bies. Thanks.

Marc E. Shovers

Senior Legislative Attorney
Legislative Reference Bureau
Phone: (608) 266-0129
Fax: (608) 264-8522
e-mail: marc.shovers@legis.state.wi.us



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-2981/3
MES:kmg:rs

2003 BILL

1 AN ACT to amend 66.1105 (4) (h) 1. and 66.1105 (4) (h) 2.; and to create 66.1105
2 (4) (h) 6., 66.1105 (6) (a) 6., 66.1105 (6) (am) 2. d. and 66.1105 (7) (at) of the
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Currently, with regard to TID Number Two in the city of Sturgeon Bay, expenditures may be made no later than 10 years after the TID was created, or through December 31, 2004. The TID's project plan has already be amended once, and currently the TID must terminate no later than 2021.

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4 commission may, by resolution, adopt an amendment to a project plan. The
5 amendment is subject to approval by the local legislative body and approval requires

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1 the same findings as provided in par. (g). Any amendment to a project plan is also
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7 and cost of the amendment and shall advise that a copy of the amendment will be
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9 mail to the chief executive officer or administrator of all local governmental entities
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16 66.1105 (4) (h) 2. Except as provided in subds. 3., 4., ~~and 5.~~, and 6., not more
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18 planning commission may adopt an amendment to a project plan under subd. 1. to
19 modify the district's boundaries by adding territory to the district that is contiguous
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22 because of an amendment to a project plan to which this subdivision applies may be
23 made for not more than 3 years after the date on which the local legislative body
24 adopts a resolution amending the project plan.

25 **SECTION 3.** 66.1105 (4) (h) 6. of the statutes is created to read:

