

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2124/1dn
MES:kmg:cph

April 1, 2003

Senator Leibham:

The instructions that I received state that you want the expenditure period for Tax Incremental District (TID) #6 to be expanded from 2004 to 2006 and the life of the TID extended from 2018 to 2022. I've expanded the expenditure period from 13 years to 15 years, through December 31, 2006.

You may wish to confirm this with the Department of Revenue, and see how DOR would interpret this bill should it become law, but I don't think that anything needs to be done to expand the life of the TID. As I read current law, I think that the TID must terminate not later than 20 years after the last expenditure is made, which would, under the bill, be December 31, 2026.

My opinion is based on s. 66.1105 (7) (am), which states that a TID must terminate upon the earlier of the payment of all of its aggregate project costs (see s. 66.1105 (7) (a)), 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 exceed 27 years."

I don't think that the 27-year limit in sub. (7) (am) applies to TID #6 because its expenditures are made under s. 66.1105 (6) (am) 2. c., and not s. 66.1105 (6) (am) 1. Consequently, it seems to me that the only mandatory termination date that applies to TID #6 is the part of s. 66.1105 (7) (am) that says "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."

Another issue that you may wish to consider is extending the period during which DOR may allocate tax increments to Sheboygan. Under s. 66.1105 (6) (a), DOR may allocate tax increments to TID #6 for 27 years after the TID is created, which would extend until December 31, 2019. I don't know how long the city thinks it will take to recoup its project costs, but if 13 years after the last expenditure is made (2019 minus 2006) may not be enough, s. 66.1105 (6) (a) may need to be amended.

Please let me know if you would like any changes made to the bill.

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