

Shovers, Marc

From: Ford, William
Sent: Friday, October 03, 2003 8:18 AM
To: Shovers, Marc
Subject: FW: Memo from William Ford, Leg. Council (Updated)

Hi Marc. Here is the memo that responds to your comments and requests changes in the Tiff draft. Sorry about the lack of Senior Attorney in the address portion. However the original memo to you was addressed to Rep. Marc Shovers. Our support staff was sniffing whiteout yesterday afternoon.

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

From: Uselman, Tracey
Sent: Thursday, October 02, 2003 4:14 PM
To: Rose, Laura; Manley, Scott; Rep.LehmanM; Ford, William
Subject: Memo from William Ford, Leg. Council (Updated)



02shovers wf



WISCONSIN LEGISLATIVE COUNCIL

*Terry C. Anderson, Director
Laura D. Rose, Deputy Director*

TO: MARC E. SHOVERS
FROM: William Ford, Senior Staff Attorney
RE: Revisions to LRB-3137/P1 and Response to Drafter's Notes
DATE: October 2, 2003

This memorandum responds to each of the questions you raised in drafter's notes pertaining to LRB-3137/P1. In addition, this memorandum describes revisions to LRB-3137/P1 requested by Representative M. Lehman and Senator Stepp. Please include the revisions in a new draft of LRB-3137.

1. With respect to the drafter's note LRB-3137/P1, please leave the language concerning the qualifications of joint review board members as you have drafted it. The language as drafted provides guidance concerning the ideal qualifications of joint review board members without unnecessarily tying the hands of the appointing authority. In addition, the relevant technical issues raised by the Department of Revenue (DOR) are incorporated into revisions requested in this memorandum.

1m. On page 5, line 3: delete the language on that line and substitute "was completely outside of a metropolitan statistical area, as defined in s. 560.70 (5) prior to the 2000 census".

2. With respect to the drafter's note on page 6 of the draft, do not require that a city or village must agree not to annex any part of the town that is in a tax incremental district until the district terminates.

2m. On page 6, line 11: after "that" insert "lands proposed for".

2p. On page 7, line 2: delete the material on that line and insert "sent to the appropriate joint review board, or if that joint review board has dissolved, retained by the city in the official records for that tax incremental district".

2s. On page 7, line 12: substitute "14" for "30".

3. On page 8, line 8: insert "annexed" before "territory".

3c. Add language to s. 66.1105 (4) (gm) 4. c. to direct the DOR to calculate its equalized value

determinations based on the most recent equalized value of taxable property of the district that is reported under s. 70.57 (1m) prior to the date that the tax incremental district resolution is adopted by the local governing body.

3m. Revise s. 66.1105 (4) (h) 2. so that a city or village may subtract territory from a tax incremental district regardless of whether it exceeds the 12% equalized value limitation.

4. On page 11, line 23: after "city", insert "or for a tax incremental district created by a county in a town under s. 59.57 (3), one representative chosen by the town".

4m. With respect to the drafter's note on page 13 of the draft, the way you have drafted subd. 5. works well. In addition, the revision in item 4 of this memorandum should make it clear that the town in which the tax incremental district is created will have one member on the joint review board.

5. In SECTION 20 of the draft, require that a majority of the members of the joint review board may request review by the DOR at any time prior to the joint review board submitting its decision on the tax incremental district resolution. In addition, in SECTION 18 of the draft, if the joint review board votes to request a review by the DOR, extend the period of time within which the joint review board may submit its decision on the tax incremental district resolution to 10 working days after receiving the written response of the DOR, or, if the city or village agrees to revise and resubmit its proposal within 10 working days after the joint review board receives the written response of the DOR, 10 working days after the joint review board receives a resubmitted proposal from the city or village.

I AM
Sub. (4m)
(b) 3,
instead
of bill
SEC. 18

Not done
because
§20 is
deleted -
added to the
instructions for
the new draft -
see memo 5/16

6. On page 16, line 10: delete "which reduces project costs".

2

7. In SECTION 29 of the draft, should the 20-year period for mixed-use development tax incremental districts and the 27-year period for all tax incremental districts other than industrial and mixed-use be specified? *default would be 23 yrs under (6)(a) 4. -- do they want to change the default for to 27 yrs?*

8. Delete SECTION 30 from the draft.

9. With respect to the drafter's note on page 20 of the draft, sub. (6) (am) 1. should apply to tax incremental districts in existence when the draft becomes law.

9m. Revise s. 66.1105 (7) (am) 2. to require tax incremental districts that apply for a five-year extension to provide the joint review board with an independent audit demonstrating that the district is unable to pay its project costs within the 20-year period. Require the joint review board to approve a five-year extension if the district presents an independent audit to this effect.

10. On page 21, line 17: delete "that has paid off all of its project costs". In addition, on page 22, line 9, delete all of the material after "districts" to the period on line 10 and insert "cannot be made unless the donor district has first satisfied all of its current year debt service and project cost obligations". In addition, add a provision to s. 66.11 05 (6) that a donor tax incremental district may not apply for or receive a five-year extension under s. 66.1105 (7) (am) 1.

10) 20 -- Bill Ford said to make this change
I think they mean "3"

11. With respect to the drafter's note on page 22 of the draft, it is the author's intent that par. (f) apply to both existing and newly created tax incremental districts.

12. In SECTION 46 of the draft, eliminate all references to towns.

13. Delete SECTION 47 (3) from the draft.

14. On page 26, line 19: delete "(3) (g)" [allows standing joint review boards to act with respect to existing tax incremental districts].

15. On page 26, line 19: delete "(h) 2." [allows existing tax incremental districts to adopt up to four amendments to modify district boundaries].

16. Eliminate SECTIONS 20 and 45 from the draft. Include the language of SECTIONS 20 and 45 together with the underscored language on lines 11 through 14 on page 15 of LRB-2574/2 and all the language in SECTIONS 1 and 72 of LRB-2574/2 into a separate bill draft for Representative M. Lehman and Senator Stepp.

Please contact me with any questions.

WF:ksm:tlu



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3137/P2
MES:cjs&wj:pg
steps (RMR)

TODAY

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

WANTED: Fri. P.M.
#N 10/16
on
Mon. AM

SA ✓
int. X-nelsk

replies

1 AN ACT *to repeal* 66.1105 (2) (f) 3., ~~66.1105~~ (4) (h) 3., 66.1105 (6) (a) 3. and 66.1105
2 (6) (e) 2.; *to amend* 66.1105 (2) (f) 1. i., 66.1105 (4) (e), 66.1105 (4) (gm) 1.,
3 66.1105 (4) (gm) 4. a., 66.1105 (4) (gm) 4. c., 66.1105 (4) (h) 1., 66.1105 (4) (h) 2.,
4 66.1105 (4m) (a), 66.1105 (4m) (b) 2., 66.1105 (4m) (b) 2m., 66.1105 (5) (a),
5 66.1105 (5) (b), 66.1105 (5) (c), 66.1105 (5) (ce), 66.1105 (5) (d), 66.1105 (6) (a)
6 (intro.), 66.1105 (6) (c), 66.1105 (7) (a), 66.1105 (7) (ar), 66.1105 (8) (title) and
7 66.1105 (8) (a); *to repeal and recreate* 66.1105 (6) (am) 1. and 66.1105 (7) (am);
8 *to create* 59.57 (3), 66.1105 (2) (cm), 66.1105 (2) (f) 2. d., 66.1105 (3) (g), 66.1105
9 (4) (gm) 6., 66.1105 (4m) (ae), 66.1105 (4m) (am), 66.1105 (4m) (b) 4., 66.1105
10 (4m) (b) 5., 66.1105 (6) (a) 6., 66.1105 (6) (ae), 66.1105 (6) (e) 1. d., 66.1105 (6)
11 (f), 66.1105 (8) (c), 66.1105 (8) (d), 66.1105 (15), 66.1106 (13) and 73.03 (57) of
12 the statutes; and *to affect* Laws of 1975, chapter 105, section 1 (1) and (2);
13 **relating to:** making technical and policy changes in the tax incremental
14 financing program based in part on the recommendations of the governor's
15 December 2000 working group on tax incremental finance, authorizing certain

1 counties to create tax incremental financing districts, and making a
2 modification to the environmental remediation tax incremental financing
3 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 determine the full aggregate value of the taxable property, and of certain city or village owned property, that lies within the TID.

Once the aggregate value is determined, DOR certifies the "tax incremental base" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If 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 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 project 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, whichever is sooner. Under current law, TIDs are required to terminate, 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. Changes from 10 days to 60 days the time period in which a city or village must notify DOR of a TID’s termination.

4. 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 the time period agreed on by the city or village and DOR, 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. However, the city or village is not required to correct or resubmit its proposal.~~

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

1. 3. Authorizes a city or village to create a TID if at least 50% of the area to be included in the TID is a “mixed-use development,” which is defined as a development that contains a combination of industrial, commercial, and residential uses and in which the newly platted residential portion consists of no more than 35%, by area, of the real property within the district.

2. 4. Authorizes a county that is not included in a metropolitan statistical area to create a TID in a town, if the town board agrees, if all contiguous cities and villages agree, and if the town and such cities and villages enter into a cooperative plan boundary agreement.

3. 5. Specifies that, generally, the public schools representative to a TID’s joint review board is the school board president or the president’s designee; that the county representative is the county executive if there is one, or the county board chair, or the executive’s or board chair’s designee; that the city or village

that for a TID created by a county in a town, the town chooses a representative;

representative is the mayor or village board president, or a designee; and that the technical college representative is the director or the director's designee.

- 4. ~~6.~~ Repeals a provision which currently prohibits the inclusion, as project costs, of expenditures or monetary obligations for newly platted residential development of a TID for which a project plan is approved after September 30, 1995.
- 5. ~~7.~~ Changes the limits on how much of a city's or village's equalized value may be contained within a TID. *although the limit does not apply if a city or village subtracts territory from a donor TID*
- 6. ~~8.~~ Allows TIDs to make expenditures for project costs at any time up to two years before the TID's mandatory termination date. Currently, in general, TIDs may make expenditures only for seven or ten years after the TID is created, depending on whether the TID was created after September 30, 1995, or before October 1, 1995.
- 7. ~~9.~~ Extends from 23 years to 27 years the maximum life of a "blighted area" or "rehabilitation or conservation" TID, and reduces from 23 years to 20 years the maximum life of an "industrial site" or "mixed-use development" TID. In the 18th year of an industrial or mixed use TID's life, however, the creating city or village may ask the joint review board to extend the TID's life up to five years. The joint review board may choose to ~~extend such a TID's life for one to four years, or may reject the city's or village's request.~~ *approve or deny a request to extend such a TID's life for one to five years, but, if accompanied by an audit, the board must approve a request for a five-year extension.*
- ~~10.~~ **INS. ANL-2** ~~Allows taxing jurisdictions that contain taxable property within an industrial or mixed-use TID to elect to tax in their jurisdiction up to 25% of the value increment of the TID if the election is made before the TID is created. If such an election is made, the amount that the overlying taxing jurisdiction taxes is subtracted from the city's or village's tax increment that is allocated by DOR.~~
- 8. ~~11.~~ Authorizes a TID's project plan to be amended at any time during the TID's life, up to four times, to allow the addition or subtraction of territory from the TID. Currently, a TID's project plan may only be so amended once, and only during the TID's first seven years of existence.
- 10. ~~12.~~ Requires that before a "donor" TID may transfer positive tax increments to another TID, it must demonstrate that it has sufficient revenues to pay for all incurred or expected project costs and surplus revenues to pay for some of the "donee" TID's eligible costs. Under current law, the "donor" TID need only have sufficient revenues to pay costs that are due in the current year.
- 11. ~~13.~~ Subject to joint review board approval, allows a TID that ~~has paid all of its project costs, but that~~ has not otherwise reached its mandatory termination date, to share its positive tax increments with certain other TIDs that share its overlying taxing jurisdictions.
- 12. ~~14.~~ Limits the inclusion in a TID of land that has been annexed by the city or village.
- 13. ~~15.~~ Prohibits a joint review board from approving a TID proposal unless the board asserts that, in its judgment, the development project described in the TID documents would not occur without the creation of a TID.
- 14. ~~16.~~ Provides that an amendment to a TID's boundary may subtract territory from the TID if the subtraction does not remove contiguity from the TID.
- 15. ~~17.~~ Allows a city or village to create a standing joint review board that may remain in existence for the entire time that any TID exists in the city or village. The

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a request

INS. ANL-2

city or village may also disband the standing joint review board. Currently, a joint review board may vote to disband following the approval or rejection of a TID proposal.

16. 18. Specifically requires that an amendment to a project plan requires the same findings by a 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 as is currently required for the creation of a TID.

This bill also makes a technical modification to the environmental remediation tax incremental financing program. 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 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. Under the bill, if a city or village annexes property from a town that is using an ERTID to remediate environmental pollution on all or part of the territory that is annexed, the city or village must pay to the town that portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, must negotiate an agreement on the amount that must be paid.

Generally, this bill takes effect on the first day of the 4th month after the bill is enacted.

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:

1 **SECTION 1.** 59.57 (3) of the statutes is created to read: *before the*

2 59.57 (3) COUNTY TAX INCREMENT POWERS. (a) Subject to par. (b), a county that

3 ~~is~~ ^{was} completely outside of a metropolitan statistical area, as defined in s. 560.70 (5), *2000 census*

4 may exercise all powers of a city under s. 66.1105. If a county exercises the powers

5 of a city under s. 66.1105, the county board of the county is subject to the same duties

6 as a common council under s. 66.1105, and the county is subject to the same duties

7 and liabilities as a city under s. 66.1105.

1 (b) A county that wishes to create a tax incremental district as provided in par.
2 (a) may do so only in a town whose board has approved the creation of such a district
3 and only if all of the following occur:

4 1. The common councils of every city that is contiguous to the town and the
5 village boards of every village that is contiguous to the town adopt resolutions
6 approving the creation of a tax incremental district in the town.

7 2. The town and every city and village that is contiguous to the town enter into
8 a cooperative plan boundary agreement under s. 66.0307.

****NOTE: Do you want to require that in the cooperative plan under subd. 2., the cities and villages must agree not to annex any part of the town that is in the TID until the TID terminates?

9 SECTION 2. 66.1105 (2) (cm) of the statutes is created to read:

lands proposed for

10 66.1105 (2) (cm) "Mixed-use development" means a development that contains
11 a combination of industrial, commercial, or residential uses, except that
12 newly-platted residential use, as shown in the project plan, may not exceed 35%, by
13 area, of the real property within the district.

14 SECTION 3. 66.1105 (2) (f) 1. i. of the statutes is amended to read:

15 66.1105 (2) (f) 1. i. Payments made, in the discretion of the local legislative body,
16 which are found to be necessary or convenient to the creation of tax incremental
17 districts or the implementation of project plans, including payments made to a town
18 that relate to property taxes levied on territory to be included in a tax incremental
19 district as described in sub. (4) (gm) 1.

20 SECTION 4. 66.1105 (2) (f) 2. d. of the statutes is created to read:

21 66.1105 (2) (f) 2. d. Cash grants made by the city to owners, lessees, or
22 developers of land that is located within the tax incremental district unless the grant

1 recipient has signed a development agreement with the city, a copy of which shall be
2 sent to the ^{appropriate} joint review board. *or, if that joint review board has been*

3 SECTION 5. 66.1105 (2) (f) 3. of the statutes is repealed. *records for that tax incremental district*

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

5 66.1105 (3) (g) Create a standing joint review board that may remain in
6 existence for the entire time that any tax incremental district exists in the city. All
7 of the provisions that apply to a joint review board that is convened under sub. (4m)
8 (a) apply to a standing joint review board that is created under this paragraph. A
9 city may disband a joint review board that is created under this paragraph at any
10 time.

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

12 66.1105 (4) (e) At least ~~10~~ ¹⁴ days before adopting a resolution under par. (gm),
13 holding of a public hearing by the planning commission at which interested parties
14 are afforded a reasonable opportunity to express their views on the proposed project
15 plan. The hearing may be held in conjunction with the hearing provided for in par.
16 (a). If the city anticipates that the proposed project plan's project costs may include
17 cash grants made by the city to owners, lessees, or developers of land that is located
18 within the tax incremental district, the hearing notice shall contain a statement to
19 that effect. Notice of the hearing shall be published as a class 2 notice, under ch. 985.
20 The notice shall include a statement advising that a copy of the proposed project plan
21 will be provided on request. Before publication, a copy of the notice shall be sent by
22 1st class mail to the chief executive officer or administrator of all local governmental
23 entities having the power to levy taxes on property within the district and to the
24 school board of any school district which includes property located within the

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

3 SECTION 8. 66.1105 (4) (gm) 1. of the statutes is amended to read:

4 66.1105 (4) (gm) 1. Describes the boundaries, which may, but need not, be the
5 same as those recommended by the planning commission, of a tax incremental
6 district with sufficient definiteness to identify with ordinary and reasonable
7 certainty the territory included in the district. The boundaries of the tax incremental
8 district may not include any ^{annexed} territory that was not within the boundaries of the city
9 on January 1, 2004, unless at least 3 years have elapsed since the territory was
10 annexed by the city, unless the city enters into a cooperative plan boundary
11 agreement, under s. 66.0307, with the town from which the territory was annexed,
12 or unless the city and town enter into another kind of agreement relating to the
13 annexation except that, notwithstanding these conditions, the city may include
14 territory that was not within the boundaries of the city on January 1, 2004, if the city
15 pledges to pay the town an amount equal to the property taxes levied on the territory
16 by the town at the time of the annexation for each of the next 5 years. If, as the result
17 of a pledge by the city to pay the town an amount equal to the property taxes levied
18 on the territory by the town at the time of the annexation for each of the next 5 years,
19 the city includes territory in a tax incremental district that was not within the
20 boundaries of the city on January 1, 2004, the city's pledge is enforceable by the town
21 from which the territory was annexed. The boundaries shall include only those
22 whole units of property as are assessed for general property tax purposes. Property
23 standing vacant for an entire 7-year period immediately preceding adoption of the
24 resolution creating a tax incremental district may not comprise more than 25% of the
25 area in the tax incremental district, unless the tax incremental district is suitable

1 for industrial sites under subd. 4. a. and the local legislative body implements an
2 approved project plan to promote industrial development within the meaning of s.
3 66.1101. In this subdivision, “vacant property” includes property where the fair
4 market value or replacement cost value of structural improvements on the parcel is
5 less than the fair market value of the land. In this subdivision, “vacant property”
6 does not include property acquired by the local legislative body under ch. 32 or
7 property included within the abandoned Park East freeway corridor or the
8 abandoned Park West freeway corridor in Milwaukee County.

9 **SECTION 9.** 66.1105 (4) (gm) 4. a. of the statutes is amended to read:

10 66.1105 (4) (gm) 4. a. Not less than 50%, by area, of the real property within
11 the district is at least one of the following: a blighted area; in need of rehabilitation
12 or conservation work, as defined in s. 66.1337 (2m) (b); ~~or~~ suitable for industrial sites
13 within the meaning of s. 66.1101 and has been zoned for industrial use; or suitable
14 for a mixed-use development; and

15 **SECTION 10.** 66.1105 (4) (gm) 4. c. of the statutes is amended to read:

16 66.1105 (4) (gm) 4. c. ~~Either the~~ The equalized value of taxable property of the
17 district plus the value increment of all existing districts does not exceed ~~7%~~ 12
18 percent of the total equalized value of taxable property within the city ~~or the~~
19 ~~equalized value of taxable property of the district plus the value increment of all~~
20 ~~existing districts within the city does not exceed 5% of the total equalized value of~~
21 ~~taxable property within the city~~

22 **SECTION 11.** 66.1105 (4) (gm) 6. of the statutes is created to read:

23 66.1105 (4) (gm) 6. Declares that the district is a blighted area district, a
24 rehabilitation or conservation district, an industrial district, or a mixed-use district
25 based on the identification and classification of the property included within the

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9-21

1 district under par. (c) and subd. 4. a. If the district is not exclusively blighted,
2 rehabilitation or conservation, industrial, or mixed use, the declaration under this
3 subdivision shall be based on which classification is predominant with regard to the
4 area described in subd. 4. a.

5 **SECTION 12.** 66.1105 (4) (h) 1. of the statutes, as affected by 2003 Wisconsin Act
6 34, is amended to read:

7 66.1105 (4) (h) 1. Subject to subds. 2., ~~3.~~ 4., and 5., the planning commission
8 may, by resolution, adopt an amendment to a project plan. The amendment is subject
9 to approval by the local legislative body and approval requires the same findings as
10 provided in ~~par. (g)~~ par. (g) and (gm) 4. c. Any amendment to a project plan is also
11 subject to review by a joint review board, acting under sub. (4m). Adoption of an
12 amendment to a project plan shall be preceded by a public hearing held by the plan
13 commission at which interested parties shall be afforded a reasonable opportunity
14 to express their views on the amendment. Notice of the hearing shall be published
15 as a class 2 notice, under ch. 985. The notice shall include a statement of the purpose
16 and cost of the amendment and shall advise that a copy of the amendment will be
17 provided on request. Before publication, a copy of the notice shall be sent by 1st class
18 mail to the chief executive officer or administrator of all local governmental entities
19 having the power to levy taxes on property within the district and to the school board
20 of any school district which includes property located within the proposed district.
21 For a county with no chief executive officer or administrator, this notice shall be sent
22 to the county board chairperson.

23 **SECTION 13.** 66.1105 (4) (h) 2. of the statutes, as affected by 2003 Wisconsin Act
24 34, is amended to read:

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

12 **SECTION 14.** 66.1105 (4) (h) 3. of the statutes is repealed.

13 **SECTION 15.** 66.1105 (4m) (a) of the statutes is amended to read:

14 66.1105 (4m) (a) Any city that seeks to create a tax incremental district or
 15 amend a project plan shall convene a temporary joint review board under this
 16 paragraph, or a standing joint review board under sub. (3) (g), to review the proposal.
 17 ~~The Except as provided in par. (am), and subject to par. (ae), the board shall consist~~
 18 of one representative chosen by the school district that has power to levy taxes on the
 19 property within the tax incremental district, one representative chosen by the
 20 technical college district that has power to levy taxes on the property within the tax
 21 incremental district, one representative chosen by the county that has power to levy
 22 taxes on the property within the tax incremental district, one representative chosen
 23 by the city ^{or, for a tax incremental district created by a county in a town, under ~~sub. (3)~~} and one public member. If more than one school district, more than one
 24 union high school district, more than one elementary school district, more than one
 25 technical college district or more than one county has the power to levy taxes on the

s. 59.57
One representative chosen by the town,

1 property within the tax incremental district, the unit in which is located property of
2 the tax incremental district that has the greatest value shall choose that
3 representative to the board. The public member and the board's chairperson shall
4 be selected by a majority of the other board members before the public hearing under
5 sub. (4) (a) or (h) 1. is held. All board members shall be appointed and the first board
6 meeting held within 14 days after the notice is published under sub. (4) (a) or (h) 1.
7 Additional meetings of the board shall be held upon the call of any member. The city
8 that seeks to create the tax incremental district or to amend its project plan shall
9 provide administrative support for the board. By majority vote, the board may
10 disband following approval or rejection of the proposal, unless the board is a standing
11 board that is created by the city under sub. (3) (g).

12 **SECTION 16.** 66.1105 (4m) (ae) of the statutes is created to read:

13 66.1105 (4m) (ae) 1. A representative chosen by a school district under par. (a)
14 or (am) shall be the president of the school board, or his or her designee. If the school
15 board president appoints a designee, he or she shall give preference to the school
16 district's finance director or another person with knowledge of local government
17 finances.

18 2. The representative chosen by the county under par. (a) shall be the county
19 executive or, if the county does not have a county executive, the chairperson of the
20 county board, or the executive's or chairperson's designee. If the county executive or
21 county board chairperson appoints a designee, he or she shall give preference to the
22 county treasurer or another person with knowledge of local government finances.

23 3. The representative chosen by the city under par. (a) shall be the mayor, or
24 city manager, or his or her designee. If the mayor or city manager appoints a
25 designee, he or she shall give preference to the person in charge of administering the

1 city's economic development programs, the city treasurer, or another person with
2 knowledge of local government finances.

3 4. The representative chosen by the technical college district under par. (a)
4 shall be the district's director or his or her designee. If the technical college district's
5 director appoints a designee, he or she shall give preference to the district's chief
6 financial officer or another person with knowledge of local government finances.

7 5. If a county creates a tax incremental district as authorized under s. 59.57 (3),
8 the joint review board for that district shall have an additional representative who
9 shall be chosen by the city or village which has the longest contiguous border with
10 the town.

NOTE: Your instructions don't specify how the city or village member of a joint review board for a county-created TID shall be selected. Is subd. 5. consistent with your intent? Also, I believe that such a joint review board would have two county members — the one specified for counties in sub. (4m) (a), and the one specified for the creating city, because the county is acting as the city. Is this OK? Do you want to specify that one of the "county" members be from the town?

11 **SECTION 17.** 66.1105 (4m) (am) of the statutes is created to read:

12 66.1105 (4m) (am) If a city seeks to create a tax incremental district that is
13 located in a union high school district, the seat that is described under par. (a) for the
14 school district representative to the board shall be held by 2 representatives, each
15 of whom has one-half of a vote. Subject to par. (ae), one representative shall be
16 chosen by the union high school district that has the power to levy taxes on the
17 property within the tax incremental district and one representative shall be chosen
18 by the elementary school district that has the power to levy taxes on the property
19 within the tax incremental district.

20 **SECTION 18.** 66.1105 (4m) (b) 2. of the statutes is amended to read:

21 66.1105 (4m) (b) 2. Except as provided in subd. 2m. ~~and subject to subd. 4m,~~
22 tax incremental district may be created and no project plan may be amended unless

1 the board approves the resolution adopted under sub. (4) (gm) or (h) 1. by a majority
2 vote ~~not less than 10 days nor more than~~ within 30 days after receiving the
3 resolution. The board may not approve the resolution under this subdivision unless
4 the board's approval contains a positive assertion that, in its judgment, the
5 development described in the documents the board has reviewed under subd. 1.
6 would not occur without the creation of a tax incremental district.

7 **SECTION 19.** 66.1105 (4m) (b) 2m. of the statutes is amended to read:

8 66.1105 (4m) (b) 2m. The requirement under subd. 2. that a vote by the board
9 take place ~~not less than 10 days nor more than~~ within 30 days after receiving a
10 resolution does not apply to a resolution amending a project plan under sub. (4) (h)
11 1. if the resolution relates to a tax incremental district, the application for the
12 redetermination of the tax incremental base of which was made in 1998, that is
13 located in a village that was incorporated in 1912, has a population of at least 3,800
14 and is located in a county with a population of at least 108,000.

15 **SECTION 20.** 66.1105 (4m) (b) 4. of the statutes is created to read:

16 66.1105 (4m) (b) 4. *Before the joint review board submits*
Not later than 5 working days after submitting
17 under subd. 3., a majority of the members of the board may request that the
18 department of revenue review the objective facts contained in any of the documents
19 listed in subd. 1. to determine whether the information submitted to the board
20 complies with this section or whether any of the information contains a factual
21 inaccuracy. The request must be in writing and must specify which particular
22 objective fact or item the members believe is incomplete or inaccurate. Not later than
23 10 working days after receiving a request that complies with the requirements of this
24 subdivision, the department of revenue shall investigate the issues raised in the
25 request and shall send its written response to the board. If the department of

1 revenue determines that the information in the proposal does not comply with this
2 section or contains a factual inaccuracy, the department shall return the proposal to
3 the city. The board shall request, but may not require, that the city resolve the
4 problems in its proposal and resubmit the proposal to the board. If the city resubmits
5 its proposal, the board shall review the resubmitted proposal and vote to approve or
6 deny the proposal as specified in this paragraph.

7 SECTION 21. 66.1105 (4m) (b) ~~5~~⁴ of the statutes is created to read:

8 66.1105 (4m) (b) ~~5~~⁴. The board shall notify prospectively the governing body of
9 every local governmental unit that is not represented on the board, and that has
10 power to levy taxes on the property within the tax incremental district, of meetings
11 of the board and of the agendas of each meeting for which notification is given.

12 SECTION 22. 66.1105 (5) (a) of the statutes is amended to read:

13 66.1105 (5) (a) Upon Subject to sub. (8) (d), upon the creation of a tax
14 incremental district or upon adoption of any amendment subject to par. (c), its tax
15 incremental base shall be determined as soon as reasonably possible.

16 SECTION 23. 66.1105 (5) (b) of the statutes is amended to read:

17 66.1105 (5) (b) Upon application in writing by the city clerk, in a form
18 prescribed by the department of revenue, the department shall determine according
19 to its best judgment from all sources available to it the full aggregate value of the
20 taxable property and, except as provided in par. (bm), of the city-owned property in
21 the tax incremental district. The application shall state the percentage of territory
22 within the tax incremental district which the local legislative body estimates will be
23 devoted to retail business at the end of the maximum expenditure period specified
24 in sub. (6) (am) 1. if that estimate is at least 35%. Subject to sub. (8) (d), the
25 department shall certify this aggregate valuation to the city clerk, and the aggregate

1 valuation constitutes the tax incremental base of the tax incremental district. The
2 city clerk shall complete these forms, including forms for the amendment of a project
3 plan, and submit the application or amendment forms on or before December 31 of
4 the year the tax incremental district is created, as defined in sub. (4) (gm) 2. or, in
5 the case of an amendment, on or before December 31 of the year in which the changes
6 to the project plan take effect.

7 SECTION 24. 66.1105 (5) (c) of the statutes, as affected by 2003 Wisconsin Act
8 34, is amended to read:

9 66.1105 (5) (c) If the city adopts an amendment to the original project plan for
10 any district ~~which reduces project costs by subtracting~~ territory from the district or
11 which includes additional project costs at least part of which will be incurred after
12 the period specified in sub. (6) (am) 1., the tax incremental base for the district shall
13 be redetermined, if sub. (4) (h) 2., 3., 4., or 5. applies to the amended project plan,
14 either by subtracting from the tax incremental base the value of the taxable property
15 that is subtracted from the existing district or by adding to the tax incremental base
16 the value of the taxable property and the value of real property owned by the city,
17 other than property described in par. (bm), that is added to the existing district under
18 sub. (4) (h) 2., 3., 4., or 5. or, if sub. (4) (h) 2., 3., 4., or 5. does not apply to the amended
19 project plan, under par. (b), as of the January 1 next preceding the effective date of
20 the amendment if the amendment becomes effective between January 2 and
21 September 30, as of the next subsequent January 1 if the amendment becomes
22 effective between October 1 and December 31 and if the effective date of the
23 amendment is January 1 of any year, the redetermination shall be made on that date.
24 The With regard to a district to which territory has been added, the tax incremental

1 base as redetermined under this paragraph is effective for the purposes of this
2 section only if it exceeds the original tax incremental base determined under par. (b).

3 **SECTION 25.** 66.1105 (5) (ce) of the statutes, as affected by 2003 Wisconsin Act
4 34, is amended to read:

5 66.1105 (5) (ce) If the city adopts an amendment, to which sub. (4) (h) 2., ~~3.~~, 4.,
6 or 5. applies, the tax incremental base for the district shall be redetermined, either
7 by subtracting from the tax incremental base the value of the taxable property that
8 is subtracted from the existing district or by adding to the tax incremental base the
9 value of the taxable property and the value of real property owned by the city, other
10 than property described in par. (bm), that is added to the existing district under sub.
11 (4) (h) 2., ~~3.~~, 4., or 5., as of the January 1 next preceding the effective date of the
12 amendment if the amendment becomes effective between January 2 and
13 September 30, as of the next subsequent January 1 if the amendment becomes
14 effective between October 1 and December 31 and if the effective date of the
15 amendment is January 1 of any year, the redetermination shall be made on that date.
16 The With regard to a district to which territory has been added, the tax incremental
17 base as redetermined under this paragraph is effective for the purposes of this
18 section only if it exceeds the original tax incremental base determined under par. (b).

19 **SECTION 26.** 66.1105 (5) (d) of the statutes is amended to read:

20 66.1105 (5) (d) The department of revenue may not certify the tax incremental
21 base as provided in par. (b) until it determines that each of the procedures and
22 documents required by sub. (4) (a), (b), (gm) or (h) and par. (b) has been timely
23 completed and all notices required under sub. (4) (a), (b), (gm) or (h) timely given.
24 The facts supporting any document adopted or action taken to comply with sub. (4)
25 (a), (b), (gm) or (h) are not subject to review by the department of revenue under this

1 paragraph, except that the department may not certify the tax incremental base as
2 provided in par. (b) until it reviews and approves of the findings that are described
3 in sub. (4) (gm) 4. c.

4 **SECTION 27.** 66.1105 (6) (a) (intro.) of the statutes, as affected by 2003
5 Wisconsin Acts 34 and 46, is amended to read:

6 66.1105 (6) (a) (intro.) If the joint review board approves the creation of the tax
7 incremental district under sub. (4m), and subject to par. (ae), positive tax increments
8 with respect to a tax incremental district are allocated to the city which created the
9 district for each year commencing after the date when a project plan is adopted under
10 sub. (4) (g). The department of revenue may not authorize allocation of tax
11 increments until it determines from timely evidence submitted by the city that each
12 of the procedures and documents required under sub. (4) (d) to (f) has been completed
13 and all related notices given in a timely manner. The department of revenue may
14 authorize allocation of tax increments for any tax incremental district only if the city
15 clerk and assessor annually submit to the department all required information on
16 or before the 2nd Monday in June. The facts supporting any document adopted or
17 action taken to comply with sub. (4) (d) to (f) are not subject to review by the
18 department of revenue under this paragraph. After the allocation of tax increments
19 is authorized, the department of revenue shall annually authorize allocation of the
20 tax increment to the city that created the district until the soonest of the following
21 events:

22 **SECTION 28.** 66.1105 (6) (a) 3. of the statutes, as affected by 2003 Wisconsin Acts
23 34 and 46, is repealed.

24 **SECTION 29.** 66.1105 (6) (a) ⁷6 of the statutes is created to read:

NOTE TO ED: (b)(a) bi was created by Act 34 & remembered by the revisor ✓

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(24)

1 66.1105 (6) (a) ⁷ 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 <sup>mixed-use develop-
 industrial sites</sup>
 4 under sub. (4) (gm) 6.

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5 **SECTION 30.** 66.1105 (6) (ae) of the statutes is created to read:

6 66.1105 (6) (ae) 1. After the chief executive officers or administrators of all local
 7 governmental entities having the power to levy taxes on property within the
 8 proposed district have been sent copies of the notice described under sub. (4) (e), each
 9 such local governmental entity may adopt a resolution that entitles it to levy a tax
 10 on the taxable property in the proposed district as calculated under subd. 2., if the
 11 district is suitable for either industrial sites or mixed-use development. No
 12 resolution may be adopted under this paragraph after the local legislative body
 13 adopts a resolution under sub. (4) (gm).

14 2. A tax levied by a local governmental entity under subd. 1. may be up to 25
 15 percent of the value increment of the district multiplied by a fraction, the numerator
 16 of which is the local governmental entity's local general property taxes levied on all
 17 taxable property within the district and the denominator of which is the total general
 18 property taxes levied on all taxable property within the district.

19 3. If any local governmental entity levies a tax under this paragraph, the
 20 amount of the tax that it collects shall be subtracted from a city's tax increment that
 21 is allocated under par. (a).

22 4. If a planning commission amends a project plan under sub. (4) (h), a local
 23 governmental entity that is levying a tax under this paragraph may adopt a
 24 resolution that discontinues the levy of that tax, and a local governmental entity that
 25 is not levying a tax under this paragraph may adopt a resolution that entitles it to

1 levy a tax under this paragraph. No resolution may be adopted under this paragraph
2 after the local legislative body approves the amendment of the district's project plan.

3 **SECTION 31.** 66.1105 (6) (am) 1. of the statutes, as affected by 2003 Wisconsin
4 Act 34, is repealed and recreated to read:

5 66.1105 (6) (am) 1. Except as otherwise provided in this paragraph, no
6 expenditure may be made later than 2 years before the unextended termination date
7 of a tax incremental district under sub. (7) (am).

****NOTE: Let me know if you want sub. (6) (am) 1. to first apply to newly-created
TIDs. As drafted, it applies to existing TIDs too

8 **SECTION 32.** 66.1105 (6) (c) of the statutes is amended to read:

9 66.1105 (6) (c) Except for tax increments allocated under par. (d), (dm) or (e),
10 or (f) all tax increments received with respect to a tax incremental district shall, upon
11 receipt by the city treasurer, be deposited into a special fund for that district. The
12 city treasurer may deposit additional moneys into such fund pursuant to an
13 appropriation by the common council. No moneys may be paid out of such fund
14 except to pay project costs with respect to that district, to reimburse the city for such
15 payments, to pay project costs of a district under par. (d), (dm) or (e) or to satisfy
16 claims of holders of bonds or notes issued with respect to such district. Subject to par.
17 (d), (dm) or (e), moneys paid out of the fund to pay project costs with respect to a
18 district may be paid out before or after the district is terminated under sub. (7).
19 Subject to any agreement with bondholders, moneys in the fund may be temporarily
20 invested in the same manner as other city funds if any investment earnings are
21 applied to reduce project costs. After all project costs and all bonds and notes with
22 respect to the district have been paid or the payment thereof provided for, subject to
23 any agreement with bondholders, if there remain in the fund any moneys that are

1 not allocated under par. (d), (dm) or (e), they shall be paid over to the treasurer of each
2 county, school district or other tax levying municipality or to the general fund of the
3 city in the amounts that belong to each respectively, having due regard for that
4 portion of the moneys, if any, that represents tax increments not allocated to the city
5 and that portion, if any, that represents voluntary deposits of the city into the fund.

6 **SECTION 33.** 66.1105 (6) (e) 1. d. of the statutes is created to read:

7 66.1105 (6) (e) 1. d. The donor tax incremental district is able to demonstrate,
8 based on the positive tax increments that are currently generated and that are
9 expected to be generated, that it has sufficient revenues to pay for all project costs
10 that have been incurred, or are expected to be incurred, under the project plan for
11 that district and sufficient surplus revenues to pay for some of the eligible costs of
12 the recipient tax incremental district.

13 **SECTION 34.** 66.1105 (6) (e) 2. of the statutes is repealed.

14 **SECTION 35.** 66.1105 (6) (f) of the statutes is created to read:

15 66.1105 (6) (f) 1. Not later than the date on which a tax incremental district
16 terminates under sub. (7) (am), a planning commission may amend under sub. (4) (h)

17 the project plan of a tax incremental district ~~that was part of all of its projects~~
18 to allocate positive tax increments generated by that tax incremental district to
19 another tax incremental district created by that planning commission if all of the
20 following conditions are met:

21 a. The donor tax incremental district, the positive tax increments of which are
22 to be allocated, and the recipient tax incremental district have the same overlying
23 taxing jurisdictions.

24 b. The allocation of tax increments under this paragraph is approved by the
25 joint review board.

2. An allocation of tax increments under this paragraph may be used by the recipient district only if one of the following applies:

a. The project costs in the recipient district are used to create, provide, or rehabilitate low-cost housing or to remediate environmental contamination.

b. The recipient district was created upon a finding that not less than 50 percent, by area, of the real property within the district is blighted or in need of rehabilitation.

3. The allocation of positive tax increments from a donor district to one or more recipient districts, ^{cannot be made unless:} in any year, may not exceed the donor district's ^{has first satisfied all of} project costs, plus ^{it's current year} debt service ^{and project cost obligations} paid on the donor district's project costs, in that year.

Handwritten notes: Note: This subd. 3 may work better with a limit of the donor district's project costs, plus debt service paid on the costs, in the prior year because no such sharing may occur unless the donor TID has paid off all of its project costs. Also, as drafted, par. (f) applies to existing and newly-created TIDs. Is this your intent?
 Other notes: No donor tax incremental district may request or receive an extension for the life of a donor tax incremental district. Sub. (7) (am) 2

4. No city may request or receive under sub. (7)(am) 2, an extension for the life of a donor tax incremental district.

SECTION 36. 66.1105 (7) (a) of the statutes is amended to read:

66.1105 (7) (a) That time when the city has received aggregate tax increments with respect to the district in an amount equal to the aggregate of all project costs under the project plan and any amendments to the project plan for the district, except that this paragraph does not apply to a district whose positive tax increments have been allocated under sub. (6) (d), (dm) or, (e), or (f) until the district to which the allocation is made has paid off the aggregate of all of its project costs under its project plan.

SECTION 37. 66.1105 (7) (am) of the statutes, as affected by 2003 Wisconsin Act 46, is repealed and recreated to read:

66.1105 (7) (am) 1. For a district about which a finding is made under sub. (4) (gm) 4. a. that not less than 50 percent, by area, of the real property within the district

SECTION 37

except that if the city requests a 5-year extension, the city shall provide the board with an independent audit that demonstrates that the district is unable to pay off its project costs within the 20 years after the district is
 1 is a blighted area or in need of rehabilitation or conservation work, 27 years after the *created*
 2 district is created.

3 2. For a district about which a finding is made under sub. (4) (gm) 4. a. that not
 4 less than 50 percent, by area, of the real property within the district is suitable for
 5 industrial sites or mixed-use development, 20 years after the district is created,
 6 except that during the 18th year of such a district's existence, the city that created
 7 the district may request that the joint review board extend the life of the district for
 8 an additional one to 5 years. The joint review board may ~~deny~~ ^{or approve a} request ~~or may~~
 9 ^{to} extend the life of the district for one to ~~5~~ ⁴ years. *and the board shall approve a request to extend*
 10 If the joint review board extends the
 11 district's life, the district shall terminate at the earlier of the end of the extended
 12 period or the period specified in par. (a). *the life of a district for 5 years if the request includes the required audit*

SECTION 38. 66.1105 (7) (ar) of the statutes is amended to read:

13 66.1105 (7) (ar) Notwithstanding par. (am), ~~22~~ 35 years after the last *and the board may not*
 14 expenditure identified in the project plan is made if the district to which the plan
 15 relates is created if it was created before October 1, 1995, and if the project plan is
 16 amended under sub. (4) (h) ~~3~~ or 4. *approve a request to extend the life of the district for 5 years if the request does not include the required audit*

SECTION 39. 66.1105 (8) (title) of the statutes is amended to read:

66.1105 (8) (title) NOTICE OF DISTRICT TERMINATION, REPORTING REQUIREMENTS.

SECTION 40. 66.1105 (8) (a) of the statutes is amended to read:

20 66.1105 (8) (a) A city which creates a tax incremental district under this section
 21 shall give the department of revenue written notice within ~~10~~ 60 days of the
 22 termination of the tax incremental district under sub. (7).

SECTION 41. 66.1105 (8) (c) of the statutes is created to read:

24 66.1105 (8) (c) After a city transmits to the department of revenue the notice
 25 required under par. (a) the city and the department shall agree on a date by which

1 the city shall send to the department, on a form prescribed by the department, all of
2 the following information that relates to the terminated tax incremental district:

- 3 1. A final accounting of all expenditures made by the city.
- 4 2. The total amount of project costs incurred by the city.
- 5 3. The total amount of positive tax increments received by a city.

6 **SECTION 42.** 66.1105 (8) (d) of the statutes is created to read:

7 66.1105 (8) (d) If a city does not send to the department of revenue the form
8 specified in par. (c) within the time limit agreed to by the city and the department
9 under par. (c), the department may not certify the tax incremental base of a tax
10 incremental district under sub. (5) (a) and (b) until the form is sent to the
11 department.

12 **SECTION 43.** 66.1105 (15) of the statutes is created to read:

13 66.1105 (15) SUBSTANTIAL COMPLIANCE. Substantial compliance with subs. (3),
14 (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b) by a city that creates, or attempts
15 to create, a tax incremental district is sufficient to give effect to any proceedings
16 conducted under this section if, in the opinion of the department of revenue, any
17 error, irregularity, or informality that exists in the city's attempts to comply with
18 subs. (3), (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b) does not affect substantial
19 justice. If the department of revenue determines that a city has substantially
20 complied with subs. (3), (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b), the
21 department of revenue shall determine the tax incremental base of the district,
22 allocate tax increments, and treat the district in all other respects as if the
23 requirements under subs. (3), (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b) had
24 been strictly complied with based on the date that the resolution described under
25 sub. (4) (gm) 2. is adopted.

1 **SECTION 44.** 66.1106 (13) of the statutes is created to read:

2 **66.1106 (13)** **PAYMENT OF ELIGIBLE COSTS FOR ANNEXED TERRITORY,**
3 **REDETERMINATION OF TAX INCREMENTAL BASE.** If a city or village annexes territory from
4 a town and if the town is using an environmental remediation tax increment to
5 remediate environmental pollution on all or part of the territory that is annexed, the
6 city or village shall pay to the town that portion of the eligible costs that are
7 attributable to the annexed territory. The city or village, and the town, shall
8 negotiate an agreement on the amount that must be paid under this subsection. The
9 department shall redetermine the environmental tax incremental base of any parcel
10 of real property for which the environmental remediation tax incremental base was
11 determined under sub. (4) if part of that parcel is annexed under this subsection.

12 ~~**SECTION 45.** 73.03 (57) of the statutes is created to read:~~

13 ~~73.03 (57) To create, and update, a manual on the tax incremental finance~~
14 ~~program under s. 66.1105. The manual shall contain the rules relating to the~~
15 ~~program, common problems faced by cities and villages under the program, possible~~
16 ~~side effects of the use of tax incremental financing, and any other information the~~
17 ~~department determines is appropriate. The department may consult with, and~~
18 ~~solicit the views of, any interested person while preparing or updating the manual.~~

19 **SECTION 46.** Laws of 1975, chapter 105, section 1 (1) and (2) are amended to
20 read:

21 [Laws of 1975, chapter 105] Section 1 (1) The legislature finds that the existing
22 system of allocating aggregate property tax revenues among tax levying
23 municipalities has resulted in significant inequities and disincentives. The cost of
24 public works or improvements within a city or village, ~~town~~ or county has been
25 borne entirely by the city or village, ~~town~~ or county while the expansion of tax base

1 which is stimulated, directly or indirectly, by such improvements, benefits not only
 2 the city or village, ~~town~~ or county but also all municipalities which share such tax
 3 base. This situation is inequitable. Moreover, when the cost to a city or village, ~~town~~
 4 or county of a public improvement project exceeds the future benefit to the city or,
 5 village, ~~town~~ or county resulting therefrom, the city or, village, ~~town~~ or county may
 6 decide not to undertake such project. This situation has resulted in the
 7 postponement or cancellation of socially desirable projects.

8 (2) The legislature further finds that accomplishment of the vital and beneficial
 9 public purposes of sections 66.405 to 66.425, 66.43, 66.431, 66.435 and 66.52 of the
 10 statutes, is being frustrated because of a lack of incentives and financial resources.
 11 The purpose of this act is to create a viable procedure by which a city or, village, town
 12 or county, through its own initiative and efforts, may finance projects which will tend
 13 to accomplish these laudable objectives.

14 **SECTION 47. Initial applicability.**

15 (1) Except as provided in subsections (2) and (4), this act first applies to a tax
 16 incremental district that is in existence on the effective date of this subsection or that
 17 is created on the effective date of this subsection. *check a.r.*

18 (2) Except as provided in subsection (4), the treatment of section 66.1105 (2) (f)
 19 1. i. and 2. d., ~~and~~ (4) (e) ^{and} (gm) 1. and 6., ~~and~~ (4m) (a), (ae), (am), and (b) 2.,
 20 ^{and} 2m., 4. ^{and} 5, (5) (a), (b), (c), and (ce), (6) (a) ^{4,} ~~and~~ ^{7, 8 and 8} (ae), and (e) 1. d. and 2., (7) (a), (am),
 21 and (ar), and (8) (title), (a), (c), and (d) of the statutes, first applies to a tax
 22 incremental district that is created on October 1, 2004.

23 ~~(3) This act first applies to an environmental remediation tax incremental~~
 24 ~~district, the written remediation proposal for which is approved by the political~~
 25 ~~subdivision's governing body on the effective date of this subsection.~~

check a.r.

1

~~(1)~~

The treatment of section 66.1105 (2) (f) 1. i. and 2. d., (4) (gm) 1. and (h) 2.,
2 (4m) (b) 2. ~~and 4~~, (5) (b), (c), and (ce), and (6) (e) 1. d. of the statutes first applies to
3 the amendment of a tax incremental district's project plan that takes effect on
4 October 1, 2004.

5

SECTION 48. Effective dates. This act takes effect on the first day of the 4th
6 month beginning after publication, except as follows:

7

(1) The treatment of sections 59.57 (3) and 66.1105 (2) (f) 1. i. and 2. d., (3) (g),
8 (4) (e), (gm) 1., 4. a. and c., and 6., and (h) 2., (4m) (a), (am), (b) 2., 2m., ^{and} 4. ~~and 5~~, (5)
9 (a), (b), (c), and (ce), (6) (a) ~~(intro.)~~, 3., ^{4, 5, 7 and 8} ~~and 6~~, (am) 1., and (e) 1. d. and 2., (7) (am),
10 and (ar), and (8) (title), (c), and (d) of the statutes takes effect on October 1, 2004, or
11 on the day after publication, whichever is later.

12

(END)

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3137/P2ins
MES:cjs&wj:pg

SAW

the 12 percent limit
does not apply to that
finding

INSERT ANL

no ff

, except that if the city or village requests a 5 year extension, the city or village must provide the joint review board with an independent audit that demonstrates that the district is unable to pay off its costs within its original 20 year life span.

INSERT 9-21

no ff

, except that ~~this 12 percent limit does not apply~~ if a city subtracts territory from a district under par. (h) 2. In determining the equalized value of taxable property under this subdivision paragraph, the department of revenue shall base its calculations on the most recent equalized value of taxable property of the district that is reported under s. 70.57 (1m) before the date on which the resolution under this paragraph is adopted

Subd.
4. c.

INSERT 14-14

SECTION 1. 66.1105 (4m) (b) 3. of the statutes is amended to read:

~~66.1105 (4m) (b) 3. The board shall submit its decision to the city no later than 7 days after the board acts on and reviews the items in subd. 2., except that if the board requests a department of revenue review under subd. 4., the board shall submit its decision to the city no later than 10 working days after receiving the department's written response or, if the city resubmits its proposal under subd. 4. no later than 10 working days after the board receives the department's written response, the board shall submit its decision to the city no later than 10 working days after receiving the city's resubmitted proposal.~~

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, 536; 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. 437 to 472; Stats. 1999 s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46; s. 13.93 (1) (b).

INSERT 18-23

and

SECTION 2. 66.1105 (6) (a) 4. of the statutes, as affected by 2003 Wisconsin Act 34, 46, is amended to read:

66.1105 (6) (a) 4. Twenty-three years after the tax incremental district is created if the district is created after September 30, 1995, and before October 1, 2004.

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, 46; s. 13.93 (1) (b).

INSERT 19-4

SECTION 3. 66.1105 (6) (a) 8. of the statutes is created to read:

66.1105 (6) (a) 8. Twenty-seven years after the tax incremental district is created if the district is created on or after the effective date of this subdivision [revisor inserts date], and if the district is specified under sub. (4) (gm) 6, other than a district specified under subd. 7.

a district

~~ANSWER~~

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

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INSERT ANL-2

8. Changes from 23 years the period during which DOR may allocate positive tax increments for TIDs created on or after the effective date of the bill, to 20 years after a TID's creation if the TID is classified as a mixed-use development or industrial TID, and to 27 years after a TID's creation if the TID is classified as a blighted area or rehabilitation or conservation TID.

from 23





WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director
Laura D. Rose, Deputy Director

TO: MARC E. SHOEVERS, SENIOR ATTORNEY

FROM: William Ford, Senior Staff Attorney *WJ*

RE: Revisions to LRB-3137/P2

DATE: October 23, 2003

Please make the following revisions to LRB-3137/P2 for Representative M. Lehman and Senator Stepp.

1. With respect to the drafter's note on page 6 of the draft, do not require that a city or village must agree not to annex any part of the town that is in a tax incremental district until the district terminates.

2. Revise s. 66.1105 (7) (am) 2. to allow a city or village to request that the life of the district be extended for a period up to five whole years. Provide that the Joint Review Board may extend the life of the district for the period requested by the city or village. Provide that the Joint Review Board shall extend the life of the district for the period requested by the city or village if the city provides the board with an independent audit that demonstrates that the district is unable to pay its project costs within the 20 years after the district is created.

3. On page 19, line 8: delete the language beginning with the second occurrence of "that" and ending with the comma on line 9. In addition, delete the language beginning with the first comma and ending with the second comma on line 10.

4. On page 5, line 9: after "town" insert "that is contiguous to a city or village and".

5. On page 22, line 11: after that line, insert: "4. The total amount of project costs, if any, not paid for with tax increments that became obligations of the city after the district was terminated."

6. On page 6, line 7: delete "a".

7. On page 9, line 11: delete "a".

If a TID fails, its unpaid project costs become general obligations of the city -- This subd. provides an accounting of such amounts.

8. Amend s. 66.1105 (4) (gm) 1. to add the following language: "In this subdivision, 'vacant property' does not include property that is contaminated by environmental pollution, as defined in s. 66.1106 (1) (d).

Please contact me at the Legislative Council staff offices if you have any questions.

WF:jal;tlu



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3137/RB

MES:cjs&wj:pg

Slays

RMF

SA ↙
~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

WANTED:
Thurs. AM.

LPS:
remove
all
4-star
notes

repeal

1 AN ACT *to repeal* 66.1105 (2) (f) 3., 66.1105 (4) (h) 3., 66.1105 (6) (a) 3. and 66.1105
2 (6) (e) 2.; *to amend* 66.1105 (2) (f) 1. i., 66.1105 (4) (e), 66.1105 (4) (gm) 1.,
3 66.1105 (4) (gm) 4. a., 66.1105 (4) (gm) 4. c., 66.1105 (4) (h) 1., 66.1105 (4) (h) 2.,
4 66.1105 (4m) (a), 66.1105 (4m) (b) 2., 66.1105 (4m) (b) 2m., 66.1105 (5) (a),
5 66.1105 (5) (b), 66.1105 (5) (c), 66.1105 (5) (ce), 66.1105 (5) (d), 66.1105 (6) (a)
6 4., 66.1105 (6) (c), 66.1105 (7) (a), 66.1105 (7) (ar), 66.1105 (8) (title) and 66.1105
7 (8) (a); *to repeal and recreate* 66.1105 (6) (am) 1. and 66.1105 (7) (am); *to*
8 *create* 59.57 (3), 66.1105 (2) (cm), 66.1105 (2) (f) 2. d., 66.1105 (3) (g), 66.1105
9 (4) (gm) 6., 66.1105 (4m) (ae), 66.1105 (4m) (am), 66.1105 (4m) (b) 4., 66.1105
10 (6) (a) 7., 66.1105 (6) (a) 8., 66.1105 (6) (e) 1. d., 66.1105 (6) (f), 66.1105 (8) (c),
11 66.1105 (8) (d), 66.1105 (15) and 66.1106 (13) of the statutes; and *to affect* Laws
12 of 1975, chapter 105, section 1 (1) and (2); *relating to:* making technical and
13 policy changes in the tax incremental financing program based in part on the
14 recommendations of the governor's December 2000 working group on tax
15 incremental finance, authorizing certain counties to create tax incremental

1 financing districts, and making a modification to the environmental
2 remediation tax 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 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. 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 determine the full aggregate value of the taxable property, and of certain city or village owned property, that lies within the TID.

Once the aggregate value is determined, DOR certifies the "tax incremental base" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If 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 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 project 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, whichever is sooner. Under current law, TIDs are required to terminate, 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. Changes from 10 days to 60 days the time period in which a city or village must notify DOR of a TID’s termination.

4. 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 the time period agreed on by the city or village and DOR, 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. Authorizes a city or village to create a TID if at least 50 percent of the area to be included in the TID is a “mixed-use development,” which is defined as a development that contains a combination of industrial, commercial, and residential uses and in which the newly platted residential portion consists of no more than 35 percent, by area, of the real property within the district.

2. Authorizes a county that is not included in a metropolitan statistical area to create a TID in a town, if the town board agrees, if all contiguous cities and villages agree, and if the town and such cities and villages enter into a cooperative plan boundary agreement.

3. Specifies that, generally, the public schools representative to a TID’s joint review board is the school board president or the president’s designee; that the county representative is the county executive if there is one, or the county board chair, or the executive’s or board chair’s designee; that the city or village representative is the mayor or village board president, or a designee; that for a TID created by a county in a town, the town chooses a representative; and that the technical college representative is the director or the director’s designee.

4. Repeals a provision which currently prohibits the inclusion, as project costs, of expenditures or monetary obligations for newly platted residential development of a TID for which a project plan is approved after September 30, 1995.

5. Changes the limits on how much of a city’s or village’s equalized value may be contained within a TID, although the limit does not apply if a city or village subtracts territory from a TID.

6. Allows TIDs to make expenditures for project costs at any time up to two years before the TID’s mandatory termination date. Currently, in general, TIDs may make expenditures only for seven or ten years after the TID is created, depending on whether the TID was created after September 30, 1995, or before October 1, 1995.

7. Extends from 23 years to 27 years the maximum life of a “blighted area” or “rehabilitation or conservation” TID, and reduces from 23 years to 20 years the maximum life of an “industrial site” or “mixed-use development” TID. In the 18th year of an industrial or mixed use TID’s life, however, the creating city or village may ask the joint review board to extend the TID’s life ~~up to five years~~ ^{for} ~~except that if the city or village requests a five-year extension, the city or village must provide the joint review board with an independent audit that demonstrates that the district is unable to pay off its costs within its original 20 year life span. The joint review board may choose to approve or deny a request to extend ~~such~~ a TID’s life for ~~one to four~~ ^{five} years but, if accompanied by an audit, the board must approve a request for a five-year extension.~~ ←
←
↑
↑

8. Changes the period during which DOR may allocate positive tax increments for TIDs created on or after the effective date of the bill, from 23 years to 20 years after a TID’s creation if the TID is classified as a mixed-use development or industrial TID, and from 23 to 27 years after a TID’s creation if the TID is classified as a blighted area or rehabilitation or conservation TID.

9. Authorizes a TID’s project plan to be amended at any time during the TID’s life, up to four times, to allow the addition or subtraction of territory from the TID. Currently, a TID’s project plan may only be so amended once, and only during the TID’s first seven years of existence.

10. Requires that before a “donor” TID may transfer positive tax increments to another TID, it must demonstrate that it has sufficient revenues to pay for all incurred ~~or allocated~~ project costs and surplus revenues to pay for some of the “donee” TID’s eligible costs. Under current law, the “donor” TID need only have sufficient revenues to pay costs that are due in the current year. →

11. Subject to joint review board approval, allows a TID that has not otherwise reached its mandatory termination date, to share its positive tax increments with certain other TIDs that share its overlying taxing jurisdictions.

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

13. Prohibits a joint review board from approving a TID proposal unless the board asserts that, in its judgment, the development project described in the TID documents would not occur without the creation of a TID.

14. Provides that an amendment to a TID’s boundary may subtract territory from the TID if the subtraction does not remove contiguity from the TID.

15. Allows a city or village to create a standing joint review board that may remain in existence for the entire time that any TID exists in the city or village. The city or village may also disband the standing joint review board. Currently, a joint review board may vote to disband following the approval or rejection of a TID proposal.

16. Specifically requires that an amendment to a project plan requires the same findings by a 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 as is currently required for the creation of a TID.

This bill also makes a technical modification to the environmental remediation tax incremental financing program. 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 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. Under the bill, if a city or village annexes property from a town that is using an ERTID to remediate environmental pollution on all or part of the territory that is annexed, the city or village must pay to the town that portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, must negotiate an agreement on the amount that must be paid.

Generally, this bill takes effect on the first day of the 4th month after the bill is enacted.

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:

1 **SECTION 1.** 59.57 (3) of the statutes is created to read:

2 **59.57 (3) COUNTY TAX INCREMENT POWERS.** (a) Subject to par. (b), a county that
3 was completely outside of a metropolitan statistical area, as defined in s. 560.70 (5),
4 before the 2000 census may exercise all powers of a city under s. 66.1105. If a county
5 exercises the powers of a city under s. 66.1105, the county board of the county is
6 subject to the same duties as a common council under s. 66.1105, and the county is
7 subject to the same duties and liabilities as a city under s. 66.1105.

8 (b) A county that wishes to create a tax incremental district as provided in par.

9 (a) may do so only in a town ^{that is contiguous to a city or village and} whose board has approved the creation of such a district

10 and only if all of the following occur:

1 1. The common councils of every city that is contiguous to the town and the
2 village boards of every village that is contiguous to the town adopt resolutions
3 approving the creation of a tax incremental district in the town.

4 2. The town and every city and village that is contiguous to the town enter into
5 a cooperative plan boundary agreement under s. 66.0307.

****NOTE: Do you want to require that in the cooperative plan under subd. 2., the cities and villages must agree not to annex any part of the town that is in the TID until the TID terminates?

6 **SECTION 2.** 66.1105 (2) (cm) of the statutes is created to read:

7 66.1105 (2) (cm) “Mixed-use development” means development that contains
8 a combination of industrial, commercial, or residential uses, except that lands
9 proposed for newly-platted residential use, as shown in the project plan, may not
10 exceed 35 percent, by area, of the real property within the district. ✓

11 **SECTION 3.** 66.1105 (2) (f) 1. i. of the statutes is amended to read:

12 66.1105 (2) (f) 1. i. Payments made, in the discretion of the local legislative body,
13 which are found to be necessary or convenient to the creation of tax incremental
14 districts or the implementation of project plans, including payments made to a town
15 that relate to property taxes levied on territory to be included in a tax incremental
16 district as described in sub. (4) (gm) 1.

17 **SECTION 4.** 66.1105 (2) (f) 2. d. of the statutes is created to read:

18 66.1105 (2) (f) 2. d. Cash grants made by the city to owners, lessees, or
19 developers of land that is located within the tax incremental district unless the grant
20 recipient has signed a development agreement with the city, a copy of which shall be
21 sent to the appropriate joint review board or, if that joint review board has been
22 dissolved, retained by the city in the official records for that tax incremental district.

23 **SECTION 5.** 66.1105 (2) (f) 3. of the statutes is repealed.

1 **SECTION 6.** 66.1105 (3) (g) of the statutes is created to read:

2 66.1105 (3) (g) Create a standing joint review board that may remain in
3 existence for the entire time that any tax incremental district exists in the city. All
4 of the provisions that apply to a joint review board that is convened under sub. (4m)
5 (a) apply to a standing joint review board that is created under this paragraph. A
6 city may disband a joint review board that is created under this paragraph at any
7 time.

8 **SECTION 7.** 66.1105 (4) (e) of the statutes is amended to read:

9 66.1105 (4) (e) At least ~~30~~ 14 days before adopting a resolution under par. (gm),
10 holding of a public hearing by the planning commission at which interested parties
11 are afforded a reasonable opportunity to express their views on the proposed project
12 plan. The hearing may be held in conjunction with the hearing provided for in par.
13 (a). If the city anticipates that the proposed project plan's project costs may include
14 cash grants made by the city to owners, lessees, or developers of land that is located
15 within the tax incremental district, the hearing notice shall contain a statement to
16 that effect. Notice of the hearing shall be published as a class 2 notice, under ch. 985.
17 The notice shall include a statement advising that a copy of the proposed project plan
18 will be provided on request. Before publication, a copy of the notice shall be sent by
19 1st class mail to the chief executive officer or administrator of all local governmental
20 entities having the power to levy taxes on property within the district and to the
21 school board of any school district which includes property located within the
22 proposed district. For a county with no chief executive officer or administrator, notice
23 shall be sent to the county board chairperson.

24 **SECTION 8.** 66.1105 (4) (gm) 1. of the statutes is amended to read:

1 66.1105 (4) (gm) 1. Describes the boundaries, which may, but need not, be the
2 same as those recommended by the planning commission, of a tax incremental
3 district with sufficient definiteness to identify with ordinary and reasonable
4 certainty the territory included in the district. The boundaries of the tax incremental
5 district may not include any annexed territory that was not within the boundaries
6 of the city on January 1, 2004, unless at least 3 years have elapsed since the territory
7 was annexed by the city, unless the city enters into a cooperative plan boundary
8 agreement, under s. 66.0307, with the town from which the territory was annexed,
9 or unless the city and town enter into another kind of agreement relating to the
10 annexation except that, notwithstanding these conditions, the city may include
11 territory that was not within the boundaries of the city on January 1, 2004, if the city
12 pledges to pay the town an amount equal to the property taxes levied on the territory
13 by the town at the time of the annexation for each of the next 5 years. If, as the result
14 of a pledge by the city to pay the town an amount equal to the property taxes levied
15 on the territory by the town at the time of the annexation for each of the next 5 years,
16 the city includes territory in a tax incremental district that was not within the
17 boundaries of the city on January 1, 2004, the city's pledge is enforceable by the town
18 from which the territory was annexed. The boundaries shall include only those
19 whole units of property as are assessed for general property tax purposes. Property
20 standing vacant for an entire 7-year period immediately preceding adoption of the
21 resolution creating a tax incremental district may not comprise more than 25% of the
22 area in the tax incremental district, unless the tax incremental district is suitable
23 for industrial sites under subd. 4. a. and the local legislative body implements an
24 approved project plan to promote industrial development within the meaning of s.
25 66.1101. In this subdivision, "vacant property" includes property where the fair

1 market value or replacement cost value of structural improvements on the parcel is
 2 less than the fair market value of the land. In this subdivision, "vacant property"
 3 does not include property acquired by the local legislative body under ch. 32 ~~or~~ [↓]
 4 property included within the abandoned Park East freeway corridor or the
 5 abandoned Park West freeway corridor in Milwaukee County. ^{1 or property that is}
~~h~~ ^{contaminated by environmental}
^{pollution, as defined in}

6 SECTION 9. 66.1105 (4) (gm) 4. a. of the statutes is amended to read: s. 66.1105(1)(d)

7 66.1105 (4) (gm) 4. a. Not less than 50%, by area, of the real property within ✓
 8 the district is at least one of the following: a blighted area; in need of rehabilitation
 9 or conservation work, as defined in s. 66.1337 (2m) (b); ~~or~~ suitable for industrial sites
 10 within the meaning of s. 66.1101 and has been zoned for industrial use; or suitable
 11 for mixed-use development; and

12 SECTION 10. 66.1105 (4) (gm) 4. c. of the statutes is amended to read:

13 66.1105 (4) (gm) 4. c. ~~Either the~~ The equalized value of taxable property of the
 14 district plus the value increment of all existing districts does not exceed 7% 12
 15 percent of the total equalized value of taxable property within the city or the
 16 equalized value of taxable property of the district plus the value increment of all
 17 existing districts within the city does not exceed 5% of the total equalized value of
 18 taxable property within the city, except if a city subtracts territory from a district
 19 under par. (h) 2., the 12 percent limit does not apply to that finding. In determining
 20 the equalized value of taxable property under this subd. 4. c., the department of
 21 revenue shall base its calculations on the most recent equalized value of taxable
 22 property of the district that is reported under s. 70.57 (1m) before the date on which
 23 the resolution under this paragraph is adopted.

24 SECTION 11. 66.1105 (4) (gm) 6. of the statutes is created to read:

1 66.1105 (4) (gm) 6. Declares that the district is a blighted area district, a
2 rehabilitation or conservation district, an industrial district, or a mixed-use district
3 based on the identification and classification of the property included within the
4 district under par. (c) and subd. 4. a. If the district is not exclusively blighted,
5 rehabilitation or conservation, industrial, or mixed use, the declaration under this
6 subdivision shall be based on which classification is predominant with regard to the
7 area described in subd. 4. a.

8 **SECTION 12.** 66.1105 (4) (h) 1. of the statutes, as affected by 2003 Wisconsin Act
9 34, is amended to read:

10 66.1105 (4) (h) 1. Subject to subds. 2., ~~3.~~ 4., and 5., the planning commission
11 may, by resolution, adopt an amendment to a project plan. The amendment is subject
12 to approval by the local legislative body and approval requires the same findings as
13 provided in ~~par. (g)~~ par. (g) and (gm) 4. c. Any amendment to a project plan is also
14 subject to review by a joint review board, acting under sub. (4m). Adoption of an
15 amendment to a project plan shall be preceded by a public hearing held by the plan
16 commission at which interested parties shall be afforded a reasonable opportunity
17 to express their views on the amendment. Notice of the hearing shall be published
18 as a class 2 notice, under ch. 985. The notice shall include a statement of the purpose
19 and cost of the amendment and shall advise that a copy of the amendment will be
20 provided on request. Before publication, a copy of the notice shall be sent by 1st class
21 mail to the chief executive officer or administrator of all local governmental entities
22 having the power to levy taxes on property within the district and to the school board
23 of any school district which includes property located within the proposed district.
24 For a county with no chief executive officer or administrator, this notice shall be sent
25 to the county board chairperson.

1 **SECTION 13.** 66.1105 (4) (h) 2. of the statutes, as affected by 2003 Wisconsin Act
2 34, is amended to read:

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

14 **SECTION 14.** 66.1105 (4) (h) 3. of the statutes is repealed.

15 **SECTION 15.** 66.1105 (4m) (a) of the statutes is amended to read:

16 66.1105 (4m) (a) Any city that seeks to create a tax incremental district or
17 amend a project plan shall convene a temporary joint review board under this
18 paragraph, or a standing joint review board under sub. (3) (g), to review the proposal.
19 The ~~Except as provided in par. (am),~~ and subject to par. (ae), the board shall consist
20 of one representative chosen by the school district that has power to levy taxes on the
21 property within the tax incremental district, one representative chosen by the
22 technical college district that has power to levy taxes on the property within the tax
23 incremental district, one representative chosen by the county that has power to levy
24 taxes on the property within the tax incremental district, one representative chosen
25 by the city or, for a tax incremental district created by a county in a town under s.

1 59.57 (3), one representative chosen by the town, and one public member. If more
2 than one school district, more than one union high school district, more than one
3 elementary school district, more than one technical college district or more than one
4 county has the power to levy taxes on the property within the tax incremental
5 district, the unit in which is located property of the tax incremental district that has
6 the greatest value shall choose that representative to the board. The public member
7 and the board's chairperson shall be selected by a majority of the other board
8 members before the public hearing under sub. (4) (a) or (h) 1. is held. All board
9 members shall be appointed and the first board meeting held within 14 days after
10 the notice is published under sub. (4) (a) or (h) 1. Additional meetings of the board
11 shall be held upon the call of any member. The city that seeks to create the tax
12 incremental district or to amend its project plan shall provide administrative
13 support for the board. By majority vote, the board may disband following approval
14 or rejection of the proposal, unless the board is a standing board that is created by
15 the city under sub. (3) (g).

16 **SECTION 16.** 66.1105 (4m) (ae) of the statutes is created to read:

17 66.1105 (4m) (ae) 1. A representative chosen by a school district under par. (a)
18 or (am) shall be the president of the school board, or his or her designee. If the school
19 board president appoints a designee, he or she shall give preference to the school
20 district's finance director or another person with knowledge of local government
21 finances.

22 2. The representative chosen by the county under par. (a) shall be the county
23 executive or, if the county does not have a county executive, the chairperson of the
24 county board, or the executive's or chairperson's designee. If the county executive or

1 county board chairperson appoints a designee, he or she shall give preference to the
2 county treasurer or another person with knowledge of local government finances.

3 3. The representative chosen by the city under par. (a) shall be the mayor, or
4 city manager, or his or her designee. If the mayor or city manager appoints a
5 designee, he or she shall give preference to the person in charge of administering the
6 city's economic development programs, the city treasurer, or another person with
7 knowledge of local government finances.

8 4. The representative chosen by the technical college district under par. (a)
9 shall be the district's director or his or her designee. If the technical college district's
10 director appoints a designee, he or she shall give preference to the district's chief
11 financial officer or another person with knowledge of local government finances.

12 5. If a county creates a tax incremental district as authorized under s. 59.57 (3),
13 the joint review board for that district shall have an additional representative who
14 shall be chosen by the city or village which has the longest contiguous border with
15 the town.

16 **SECTION 17.** 66.1105 (4m) (am) of the statutes is created to read:

17 66.1105 (4m) (am) If a city seeks to create a tax incremental district that is
18 located in a union high school district, the seat that is described under par. (a) for the
19 school district representative to the board shall be held by 2 representatives, each
20 of whom has one-half of a vote. Subject to par. (ae), one representative shall be
21 chosen by the union high school district that has the power to levy taxes on the
22 property within the tax incremental district and one representative shall be chosen
23 by the elementary school district that has the power to levy taxes on the property
24 within the tax incremental district.

25 **SECTION 18.** 66.1105 (4m) (b) 2. of the statutes is amended to read:

1 66.1105 (4m) (b) 2. Except as provided in subd. 2m., no tax incremental district
2 may be created and no project plan may be amended unless the board approves the
3 resolution adopted under sub. (4) (gm) or (h) 1. by a majority vote ~~not less than 10~~
4 ~~days nor more than~~ within 30 days after receiving the resolution. The board may not
5 approve the resolution under this subdivision unless the board's approval contains
6 a positive assertion that, in its judgment, the development described in the
7 documents the board has reviewed under subd. 1. would not occur without the
8 creation of a tax incremental district.

9 **SECTION 19.** 66.1105 (4m) (b) 2m. of the statutes is amended to read:

10 66.1105 (4m) (b) 2m. The requirement under subd. 2. that a vote by the board
11 take place ~~not less than 10 days nor more than~~ within 30 days after receiving a
12 resolution does not apply to a resolution amending a project plan under sub. (4) (h)
13 1. if the resolution relates to a tax incremental district, the application for the
14 redetermination of the tax incremental base of which was made in 1998, that is
15 located in a village that was incorporated in 1912, has a population of at least 3,800
16 and is located in a county with a population of at least 108,000.

17 **SECTION 20.** 66.1105 (4m) (b) 4. of the statutes is created to read:

18 66.1105 (4m) (b) 4. The board shall notify prospectively the governing body of
19 every local governmental unit that is not represented on the board, and that has
20 power to levy taxes on the property within the tax incremental district, of meetings
21 of the board and of the agendas of each meeting for which notification is given.

22 **SECTION 21.** 66.1105 (5) (a) of the statutes is amended to read:

23 66.1105 (5) (a) ~~Upon~~ Subject to sub. (8) (d), upon the creation of a tax
24 incremental district or upon adoption of any amendment subject to par. (c), its tax
25 incremental base shall be determined as soon as reasonably possible.

1 **SECTION 22.** 66.1105 (5) (b) of the statutes is amended to read:

2 66.1105 (5) (b) Upon application in writing by the city clerk, in a form
3 prescribed by the department of revenue, the department shall determine according
4 to its best judgment from all sources available to it the full aggregate value of the
5 taxable property and, except as provided in par. (bm), of the city-owned property in
6 the tax incremental district. The application shall state the percentage of territory
7 within the tax incremental district which the local legislative body estimates will be
8 devoted to retail business at the end of the maximum expenditure period specified
9 in sub. (6) (am) 1. if that estimate is at least 35%. Subject to sub. (8) (d), the
10 department shall certify this aggregate valuation to the city clerk, and the aggregate
11 valuation constitutes the tax incremental base of the tax incremental district. The
12 city clerk shall complete these forms, including forms for the amendment of a project
13 plan, and submit the application or amendment forms on or before December 31 of
14 the year the tax incremental district is created, as defined in sub. (4) (gm) 2. or, in
15 the case of an amendment, on or before December 31 of the year in which the changes
16 to the project plan take effect.

17 **SECTION 23.** 66.1105 (5) (c) of the statutes, as affected by 2003 Wisconsin Act
18 34, is amended to read:

19 66.1105 (5) (c) If the city adopts an amendment to the original project plan for
20 any district which subtracts territory from the district or which includes additional
21 project costs at least part of which will be incurred after the period specified in sub.
22 (6) (am) 1., the tax incremental base for the district shall be redetermined, if sub. (4)
23 (h) 2., 3., 4., or 5. applies to the amended project plan, either by subtracting from the
24 tax incremental base the value of the taxable property that is subtracted from the
25 existing district or by adding to the tax incremental base the value of the taxable

1 property and the value of real property owned by the city, other than property
2 described in par. (bm), that is added to the existing district under sub. (4) (h) 2., 3.,
3 4., or 5. or, if sub. (4) (h) 2., 3., 4., or 5. does not apply to the amended project plan,
4 under par. (b), as of the January 1 next preceding the effective date of the amendment
5 if the amendment becomes effective between January 2 and September 30, as of the
6 next subsequent January 1 if the amendment becomes effective between October 1
7 and December 31 and if the effective date of the amendment is January 1 of any year,
8 the redetermination shall be made on that date. The With regard to a district to
9 which territory has been added, the tax incremental base as redetermined under this
10 paragraph is effective for the purposes of this section only if it exceeds the original
11 tax incremental base determined under par. (b).

12 **SECTION 24.** 66.1105 (5) (ce) of the statutes, as affected by 2003 Wisconsin Act
13 34, is amended to read:

14 66.1105 (5) (ce) If the city adopts an amendment, to which sub. (4) (h) 2., 3., 4.,
15 or 5. applies, the tax incremental base for the district shall be redetermined, either
16 by subtracting from the tax incremental base the value of the taxable property that
17 is subtracted from the existing district or by adding to the tax incremental base the
18 value of the taxable property and the value of real property owned by the city, other
19 than property described in par. (bm), that is added to the existing district under sub.
20 (4) (h) 2., 3., 4., or 5., as of the January 1 next preceding the effective date of the
21 amendment if the amendment becomes effective between January 2 and
22 September 30, as of the next subsequent January 1, if the amendment becomes
23 effective between October 1 and December 31 and if the effective date of the
24 amendment is January 1 of any year, the redetermination shall be made on that date.
25 The With regard to a district to which territory has been added, the tax incremental

1 base as redetermined under this paragraph is effective for the purposes of this
2 section only if it exceeds the original tax incremental base determined under par. (b).

3 **SECTION 25.** 66.1105 (5) (d) of the statutes is amended to read:

4 66.1105 (5) (d) The department of revenue may not certify the tax incremental
5 base as provided in par. (b) until it determines that each of the procedures and
6 documents required by sub. (4) (a), (b), (gm) or (h) and par. (b) has been timely
7 completed and all notices required under sub. (4) (a), (b), (gm) or (h) timely given.
8 The facts supporting any document adopted or action taken to comply with sub. (4)
9 (a), (b), (gm) or (h) are not subject to review by the department of revenue under this
10 paragraph, except that the department may not certify the tax incremental base as
11 provided in par. (b) until it reviews and approves of the findings that are described
12 in sub. (4) (gm) 4. c.

13 **SECTION 26.** 66.1105 (6) (a) 3. of the statutes, as affected by 2003 Wisconsin Acts
14 34 and 46, is repealed.

15 **SECTION 27.** 66.1105 (6) (a) 4. of the statutes, as affected by 2003 Wisconsin Acts
16 34 and 46, is amended to read:

17 66.1105 (6) (a) 4. Twenty-three years after the tax incremental district is
18 created if the district is created after September 30, 1995, and before October 1,
19 2004.

20 **SECTION 28.** 66.1105 (6) (a) 7. of the statutes is created to read:

21 66.1105 (6) (a) 7. Twenty years after the tax incremental district is created if
22 the district is created on or after the effective date of this subdivision [revisor
23 inserts date], and if the district is at least predominantly suitable for mixed-use
24 development or industrial sites under sub. (4) (gm) 6.

25 **SECTION 29.** 66.1105 (6) (a) 8. of the statutes is created to read:

1 66.1105 (6) (a) 8. Twenty-seven years after the tax incremental district is
2 created if the district is created on or after the effective date of this subdivision
3 [revisor inserts date], and if the district is a district specified under sub. (4) (gm) 6.
4 other than a district specified under subd. 7.

5 **SECTION 30.** 66.1105 (6) (am) 1. of the statutes, as affected by 2003 Wisconsin
6 Act 34, is repealed and recreated to read:

7 66.1105 (6) (am) 1. Except as otherwise provided in this paragraph, no
8 expenditure may be made later than 2 years before the unextended termination date
9 of a tax incremental district under sub. (7) (am).

10 **SECTION 31.** 66.1105 (6) (c) of the statutes is amended to read:

11 66.1105 (6) (c) Except for tax increments allocated under par. (d), (dm) ~~or~~, (e),
12 or (f) all tax increments received with respect to a tax incremental district shall, upon
13 receipt by the city treasurer, be deposited into a special fund for that district. The
14 city treasurer may deposit additional moneys into such fund pursuant to an
15 appropriation by the common council. No moneys may be paid out of such fund
16 except to pay project costs with respect to that district, to reimburse the city for such
17 payments, to pay project costs of a district under par. (d), (dm) or (e) or to satisfy
18 claims of holders of bonds or notes issued with respect to such district. Subject to par.
19 (d), (dm) or (e), moneys paid out of the fund to pay project costs with respect to a
20 district may be paid out before or after the district is terminated under sub. (7).
21 Subject to any agreement with bondholders, moneys in the fund may be temporarily
22 invested in the same manner as other city funds if any investment earnings are
23 applied to reduce project costs. After all project costs and all bonds and notes with
24 respect to the district have been paid or the payment thereof provided for, subject to
25 any agreement with bondholders, if there remain in the fund any moneys that are

1 not allocated under par. (d), (dm) or (e), they shall be paid over to the treasurer of each
2 county, school district or other tax levying municipality or to the general fund of the
3 city in the amounts that belong to each respectively, having due regard for that
4 portion of the moneys, if any, that represents tax increments not allocated to the city
5 and that portion, if any, that represents voluntary deposits of the city into the fund.

6 **SECTION 32.** 66.1105 (6) (e) 1. d. of the statutes is created to read:

7 66.1105 (6) (e) 1. d. The donor tax incremental district is able to demonstrate,
8 based on the positive tax increments that are currently generated ~~and that are~~
9 ~~(expected to be generated)~~ that it has sufficient revenues to pay for all project costs
10 that have been incurred ~~or are expected to be incurred~~ under the project plan for
11 that district and sufficient surplus revenues to pay for some of the eligible costs of
12 the recipient tax incremental district.

13 **SECTION 33.** 66.1105 (6) (e) 2. of the statutes is repealed.

14 **SECTION 34.** 66.1105 (6) (f) of the statutes is created to read:

15 66.1105 (6) (f) 1. Not later than the date on which a tax incremental district
16 terminates under sub. (7) (am), a planning commission may amend under sub. (4) (h)
17 the project plan of a tax incremental district to allocate positive tax increments
18 generated by that tax incremental district to another tax incremental district
19 created by that planning commission if all of the following conditions are met:

20 a. The donor tax incremental district, the positive tax increments of which are
21 to be allocated, and the recipient tax incremental district have the same overlying
22 taxing jurisdictions.

23 b. The allocation of tax increments under this paragraph is approved by the
24 joint review board.

1 2. An allocation of tax increments under this paragraph may be used by the
2 recipient district only if one of the following applies:

3 a. The project costs in the recipient district are used to create, provide, or
4 rehabilitate low-cost housing or to remediate environmental contamination.

5 b. The recipient district was created upon a finding that not less than 50
6 percent, by area, of the real property within the district is blighted or in need of
7 rehabilitation.

8 3. The allocation of positive tax increments from a donor district to one or more
9 recipient districts cannot be made unless the donor district has first satisfied all of
10 its current-year debt service and project cost obligations.

11 4. No city may request or receive under sub. (7) (am) 2. an extension for the life
12 of a donor tax incremental district.

13 **SECTION 35.** 66.1105 (7) (a) of the statutes is amended to read:

14 66.1105 (7) (a) That time when the city has received aggregate tax increments
15 with respect to the district in an amount equal to the aggregate of all project costs
16 under the project plan and any amendments to the project plan for the district, except
17 that this paragraph does not apply to a district whose positive tax increments have
18 been allocated under sub. (6) (d), (dm) ~~or~~, (e), or (f) until the district to which the
19 allocation is made has paid off the aggregate of all of its project costs under its project
20 plan.

21 **SECTION 36.** 66.1105 (7) (am) of the statutes, as affected by 2003 Wisconsin Act
22 46, is repealed and recreated to read:

23 66.1105 (7) (am) 1. For a district about which a finding is made under sub. (4)
24 (gm) 4. a. that not less than 50 percent, by area, of the real property within the district

1 is a blighted area or in need of rehabilitation or conservation work, 27 years after the
2 district is created.

3 2. For a district about which a finding is made under sub. (4) (gm) 4. a. that not
4 less than 50 percent, by area, of the real property within the district is suitable for
5 industrial sites or mixed-use development, 20 years after the district is created,
6 except that during the 18th year of such a district's existence, the city that created
7 the district may request that the joint review board extend the life of the district for
8 an additional ~~20~~ 5 years, ^{① Along with its request for} except that if the city requests a 5-year extension, the
9 city ~~shall~~ ^{may} provide the ^{joint review} board with an independent audit that demonstrates that the
10 district is unable to pay off its project costs within the 20 years after the district is
11 created. The joint review board may deny or approve a request to extend the life of
12 the district for ~~one~~ ⁵ years, ^{if the request does not include the independent audit} and the board shall approve a request to extend the life
13 of ~~a~~ ^{the} district for 5 years if the request includes the ~~required~~ ^{required} audit ~~and the board may~~
14 ~~not approve a request to extend the life of a district for 5 years if the request does not~~
15 ~~include the required audit.~~ ^② If the joint review board extends the district's life, the
16 district shall terminate at the earlier of the end of the extended period or the period
17 specified in par. (a).

18 SECTION 37. 66.1105 (7) (ar) of the statutes is amended to read:

19 66.1105 (7) (ar) Notwithstanding par. (am), ~~22~~ 35 years after the last
20 expenditure identified in the project plan is made if the district to which the plan
21 relates is created if it was created before October 1, 1995, and if the project plan is
22 amended under sub. (4) (h) ~~3~~ or 4.

23 SECTION 38. 66.1105 (8) (title) of the statutes is amended to read:

24 66.1105 (8) (title) NOTICE OF DISTRICT TERMINATION, REPORTING REQUIREMENTS.

25 SECTION 39. 66.1105 (8) (a) of the statutes is amended to read:

1 66.1105 (8) (a) A city which creates a tax incremental district under this section
2 shall give the department of revenue written notice within ~~10~~ 60 days of the
3 termination of the tax incremental district under sub. (7).

4 **SECTION 40.** 66.1105 (8) (c) of the statutes is created to read:

5 66.1105 (8) (c) After a city transmits to the department of revenue the notice
6 required under par. (a) the city and the department shall agree on a date by which
7 the city shall send to the department, on a form prescribed by the department, all of
8 the following information that relates to the terminated tax incremental district:

9 1. A final accounting of all expenditures made by the city.

10 2. The total amount of project costs incurred by the city.

11 3. The total amount of positive tax increments received by a city.

12 4. *The total amount of project costs, if any, not paid for with tax.*

13 **SECTION 41.** 66.1105 (8) (d) of the statutes is created to read:

14 66.1105 (8) (d) If a city does not send to the department of revenue the form
15 specified in par. (c) within the time limit agreed to by the city and the department
16 under par. (c), the department may not certify the tax incremental base of a tax
17 incremental district under sub. (5) (a) and (b) until the form is sent to the
18 department.

19 **SECTION 42.** 66.1105 (15) of the statutes is created to read:

20 66.1105 (15) **SUBSTANTIAL COMPLIANCE.** Substantial compliance with subs. (3),
21 (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b) by a city that creates, or attempts
22 to create, a tax incremental district is sufficient to give effect to any proceedings
23 conducted under this section if, in the opinion of the department of revenue, any
24 error, irregularity, or informality that exists in the city's attempts to comply with
25 subs. (3), (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b) does not affect substantial
justice. If the department of revenue determines that a city has substantially

→ increments that became obligations of the city after the district was terminated.

1 complied with subs. (3), (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b), the
2 department of revenue shall determine the tax incremental base of the district,
3 allocate tax increments, and treat the district in all other respects as if the
4 requirements under subs. (3), (4) (a), (b), (c), (d), (e), (f), and (h), (4m), and (5) (b) had
5 been strictly complied with based on the date that the resolution described under
6 sub. (4) (gm) 2. is adopted.

7 **SECTION 43.** 66.1106 (13) of the statutes is created to read:

8 **66.1106 (13) PAYMENT OF ELIGIBLE COSTS FOR ANNEXED TERRITORY,**
9 **REDETERMINATION OF TAX INCREMENTAL BASE.** If a city or village annexes territory from
10 a town and if the town is using an environmental remediation tax increment to
11 remediate environmental pollution on all or part of the territory that is annexed, the
12 city or village shall pay to the town that portion of the eligible costs that are
13 attributable to the annexed territory. The city or village, and the town, shall
14 negotiate an agreement on the amount that must be paid under this subsection. The
15 department shall redetermine the environmental tax incremental base of any parcel
16 of real property for which the environmental remediation tax incremental base was
17 determined under sub. (4) if part of that parcel is annexed under this subsection.

18 **SECTION 44.** Laws of 1975, chapter 105, section 1 (1) and (2) are amended to
19 read:

20 [Laws of 1975, chapter 105] Section 1 (1) The legislature finds that the existing
21 system of allocating aggregate property tax revenues among tax levying
22 municipalities has resulted in significant inequities and disincentives. The cost of
23 public works or improvements within a city ~~or~~, village, or county has been borne
24 entirely by the city ~~or~~, village, or county while the expansion of tax base which is
25 stimulated, directly or indirectly, by such improvements, benefits not only the city

1 ~~or~~, village, or county but also all municipalities which share such tax base. This
2 situation is inequitable. Moreover, when the cost to a city ~~or~~, village, or county of a
3 public improvement project exceeds the future benefit to the city ~~or~~, village, or county
4 resulting therefrom, the city ~~or~~, village, or county may decide not to undertake such
5 project. This situation has resulted in the postponement or cancellation of socially
6 desirable projects.

7 (2) The legislature further finds that accomplishment of the vital and beneficial
8 public purposes of sections 66.405 to 66.425, 66.43, 66.431, 66.435 and 66.52 of the
9 statutes, is being frustrated because of a lack of incentives and financial resources.
10 The purpose of this act is to create a viable procedure by which a city ~~or~~, village, or
11 county, through its own initiative and efforts, may finance projects which will tend
12 to accomplish these laudable objectives.

13 **SECTION 45. Initial applicability.**

14 (1) Except as provided in subsections (2) and (3), this act first applies to a tax
15 incremental district that is in existence on the effective date of this subsection or that
16 is created on the effective date of this subsection.

17 (2) Except as provided in subsection (3), the treatment of section 66.1105 (2) (f)
18 1. i. and 2. d., (4) (e) and (gm) 1. and 6., (4m) (a), (ae), (am), and (b) 2., 2m., and 4.,
19 (5) (a), (b), (c), and (ce), (6) (a) 4., 7., and 8., and (e) 1. d. and 2., (7) (a), (am), and (ar),
20 and (8) (title), (a), (c), and (d) of the statutes, first applies to a tax incremental district
21 that is created on October 1, 2004.

22 (3) The treatment of section 66.1105 (2) (f) 1. i. and 2. d., (4) (gm) 1. and (h) 2.,
23 (4m) (b) 2., (5) (b), (c), and (ce), and (6) (e) 1. d. of the statutes first applies to the
24 amendment of a tax incremental district's project plan that takes effect on October
25 1, 2004.

1 **SECTION 46. Effective dates.** This act takes effect on the first day of the 4th
2 month beginning after publication, except as follows:

3 (1) The treatment of sections 59.57 (3) and 66.1105 (2) (f) 1. i. and 2. d., (3) (g),
4 (4) (e), (gm) 1., 4. a. and c., and 6., and (h) 2., (4m) (a), (am), (b) 2., 2m., and 4., (5) (a),
5 (b), (c), and (ce), (6) (a) 3., 4., 7., and 8., (am) 1., and (e) 1. d. and 2., (7) (am), and (ar),
6 and (8) (title), (c), and (d) of the statutes takes effect on October 1, 2004, or on the day
7 after publication, whichever is later.

8

(END)

Northrop, Lori

From: Manley, Scott
Sent: Monday, November 03, 2003 11:56 AM
To: LRB.Legal
Subject: Draft review: LRB 03-3137/1 Topic: Changes to tax incremental financing (TIF) statutes

It has been requested by <Manley, Scott> that the following draft be jacketed for the SENATE:

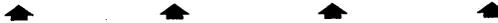
Draft review: LRB 03-3137/1 Topic: Changes to tax incremental financing (TIF) statutes



State of Wisconsin
LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX -
PLEASE DO NOT REMOVE FROM DRAFTING FILE

Date Added To File: 11/05/2003 (Per: MES)



☞ The 2003 drafting file for LRB 03-3137/1
has been copied/added to the 2003 drafting file for
LRB 03-3645

☞ 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 an 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.



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER
CHIEF

November 6, 2003

MEMORANDUM

To: Senator Stepp

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

Subject: Technical Memorandum to **SB-305** (LRB 03-3137/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

November 5, 2003

TO: Marc E. Shovers
Legislative Reference Bureau

FROM: Dennis Collier
Department of Revenue

SUBJECT: Technical Memorandum on LRB 3137/1 Related to Tax Incremental Finance Changes.

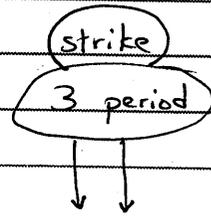
The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (2) (a)	\$ 25,200	
annual	s. 20.566 (2) (a)	\$ 159,418	3

If you have any questions regarding this technical memorandum, please contact your name at your phone; for administrative costs contact Rebecca Boldt at 266-6785.

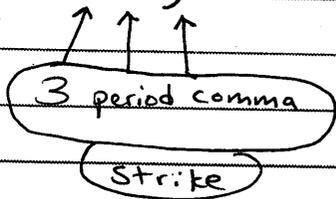
LRB-3137/1
MES

CCC to SB 305



Page 10, line 8 = delete "3." and

substitute "3.,."



cjs



State of Wisconsin
2003-2004 LEGISLATURE

CORRECTIONS IN:

2003 SENATE BILL 305

Prepared by the Legislative Reference Bureau
(November 10, 2003)

1. Page 10, line 8: delete "~~3.~~" and substitute "3.,".