

2003 DRAFTING REQUEST

Bill

Received: **05/20/2003**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Mary Panzer (608) 266-7513**

By/Representing: **Kelly Rindfleisch**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Munis - tax incrmntal financing**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Panzer@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Extend the expenditure period and life of a tax incremental district in West Bend

Instructions:

See Attached. Base it on LRB 03-2124/2

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 05/30/2003	kgilfoy 06/02/2003		_____			State
/1			chaskett 06/03/2003	_____	sbasford 06/03/2003		S&L
/2	mshovers	kgilfoy	rschluet	_____	sbasford	Inorthro	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	11/25/2003	11/26/2003	12/01/2003	_____	12/01/2003	01/26/2004	

FE Sent For:

↳ At
Intro.

<END>

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/?	mshovers 05/30/2003	kgilfoy 06/02/2003					State
/1		12-11/26 kmf	chaskett 06/03/2003		sbasford 06/03/2003		

Handwritten signature and initials "PB" and "3" are present below the drafting history table.

FE Sent For:

<END>

2003 DRAFTING REQUEST

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Received By: mshovers

Wanted: As time permits

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By/Representing: Kelly Rindfleisch

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Munis - tax incrmntal financing

Extra Copies:

Submit via email: YES

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1?	mshovers	1-6/2 KMG	1-6/3 CPH	JH CPH <u>6/3</u>			

11 MES 5/30/03

FE Sent For:

<END>

Shovers, Marc

From: Rindfleisch, Kelly
Sent: Tuesday, May 20, 2003 1:12 PM
To: Shovers, Marc
Cc: Ottman, Tad

Marc -

I believe you drafted a bill for Senator Leibham (LRB 2124/2) that extends the expenditure period and life of a tax incremental district in Sheboygan.

Senator Panzer would like a bill drafted that makes the same change for the city of West Bend. Please contact I or Tad with any questions you may have.

Thank you,

Kelly Rindfleisch
Senator Panzer's office

Shovers, Marc

From: Rindfleisch, Kelly
Sent: Tuesday, May 20, 2003 1:14 PM
To: Shovers, Marc
Cc: Ottman, Tad

The legislation would apply to West Bend's TIF District #5.

-2786/1

RMR

2003 SENATE BILL 167

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

regen

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

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation, or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the district as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project

SENATE BILL 167

costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later than the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

Currently, with regard to TID number ~~in Sheboygan~~ ^{five} ~~in Sheboygan~~ ^{West Bend}, expenditures may be made no later than ~~10~~ ^{ten} years after the TID was created, or through December 31, 2004. That TID must terminate no later than 20 years after the last expenditure is made.

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

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

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

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

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

SENATE BILL 167

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

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

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

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

14 ~~3. or 23~~

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

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

18 66.1105 (6) (a) 5. Thirty-one years after the tax incremental district is created
19 if the district is created before October 1, 1995, and the expenditure period is
20 specified in par. (am) 2. ^d

21 SECTION 3. 66.1105 (6) (am) 2. ^d of the statutes is ~~amended~~ ^{created} to read:

22 66.1105 (6) (am) 2. ^d Expenditures for project costs for Tax Incremental
23 District Number ~~Six~~ ^{Five} in a city ~~with~~ ^{that has} a population of at least ~~45,000~~ ^{26,000} that was
24 a county that was created in ~~1853~~ ¹⁸³⁶ and that is adjacent to one of the Great Lakes.

plain

incorporated in 1885 and

SENATE BILL 167

plain

1 Such expenditures may be made no later than ~~14~~ 15 years after the tax incremental
2 district is created, and may be made through December 31, ~~2004~~ 2006

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

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

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

12 66.1105 (7) (as) Notwithstanding par. (am), 16 years after the last expenditure
13 identified in the project plan is made if the district to which the plan relates is created
14 before October 1, 1995, and the expenditure period is specified in sub. (6) (am) 2.

15 (END)

D-NOTE

change the expenditure period of TID # 6 in Sheboygan under SB 167

Senator Panzer:

You may wish to have the dates, time periods, and description in P. 66.1105 (6) (am) 2, d, reviewed by the West Bend city officials in

this bill accomplishes their intent.

description of TID #5 in the analysis,

AMZJ

For example, the expenditure period in this bill expires in 2003, instead of 2006 as in SB 167 because TID #6 in Sheboygan already had a 3 year expenditure period and TID #5 in West Bend presumably has only a 2 year expenditure period, consequently, if the creation dates of the two TID's are the same, West Bend TID #5's expenditure period would be the same as the TID #6 in Sheboygan.

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

LRB-2786/1dn
MES:kmg:cph

June 3, 2003

Senator Panzer:

You may wish to have the dates, time periods, description of TID #5 in the analysis, and description in s. 66.1105 (6) (am) 2. d. reviewed by city officials in West Bend to ensure that this bill accomplishes their intent.

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



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-2786/12
MES:kmg:cph

FMR

2003 BILL

SOON

repeal

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

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing (TIF) program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation, or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the district as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project

BILL

costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later than the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

Currently, with regard to TID number five in West Bend, expenditures may be made no later than ~~16~~ ^{seven} years after the TID was created, or through December 31, ~~2001~~. That TID must terminate no later that 20 years after the last expenditure is made. ~~2005~~

Under this bill, the expenditure period for TID number five in West Bend is extended to 15 years after the TID was created, or through December 31, ~~2004~~. The bill also authorizes DOR to allocate tax increments to this TID for 31 years after the TID was created, and requires the TID to terminate no later than 16 years after the last expenditure identified in the project plan is made.

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

Fix comp.

2013
local and
BI

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

1 ~~SECTION 1. 66.1105 (6) (a) of the statutes is renumbered 66.1105 (6) (a) (intro.)~~
2 ~~and amended to read:~~
3 ~~66.1105 (6) (a) (intro.) If the joint review board approves the creation of the tax~~
4 ~~incremental district under sub. (4m), positive tax increments with respect to a tax~~
5 ~~incremental district are allocated to the city which created the district for each year~~
6 ~~commencing after the date when a project plan is adopted under sub. (4) (g). The~~
7 ~~department of revenue may not authorize allocation of tax increments until it~~
8 ~~determines from timely evidence submitted by the city that each of the procedures~~
9 ~~and documents required under sub. (4) (d) to (f) has been completed and all related~~
10 ~~notices given in a timely manner. The department of revenue may authorize~~

BILL

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

- 8 1. The department of revenue receives a notice under sub. (8) and the notice
 9 has taken effect under sub. (8) (b), ~~27~~.
- 10 2. Twenty-seven years after the tax incremental district is created if the
 11 district is created before October 1, 1995, ~~38~~.
- 12 3. Thirty-eight years after the tax incremental district is created if the district
 13 is created before October 1, 1995, and the project plan is amended under sub. (4) (h)
 14 ~~3. or 23~~ *750 created 10/1/98 + 23 = 2021* *must terminate use of plan, or 10 yrs after project plan, or*
- 15 4. Twenty-three years after the tax incremental district is created if the district
 16 is created after September 30, 1995, ~~whichever is sooner.~~

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

18 66.1105 (6) (a) ~~5~~⁶ Thirty-one years after the tax incremental district is created
 19 if the district is created ~~before October 1,~~ *after September 30* 1995, and the expenditure period is
 20 specified in par. (am) 2. d.

21 **SECTION 3.** 66.1105 (6) (am) 2. d. of the statutes is created to read:

22 66.1105 (6) (am) 2. d. Expenditures for project costs for Tax Incremental
 23 District Number Five in a city that has a population of at least 26,000, that was
 24 incorporated in 1885, and that is located in a county that was created in 1836. Such

BILL

1 expenditures may be made no later than 15 years after the tax incremental district
2 is created, and may be made through December 31, ~~2009~~ 2013

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

4 ~~66.1105 (7) (am) Sixteen years after the last expenditure identified in the
5 project plan is made if the district to which the plan relates is created after
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12 ~~66.1105 (7) (am) Notwithstanding par. (am), 16 years after the last expenditure
13 identified in the project plan is made if the district to which the plan relates is created
14 ~~before October 1,~~ ^{at} ~~1995,~~ ^{after September 30} and the expenditure period is specified in sub. (6) (am) 2. d.~~

15 (END)

Northrop, Lori

From: Ottman, Tad
Sent: Monday, January 26, 2004 4:22 PM
To: LRB.Legal
Subject: Draft review: LRB 03-2786/2 Topic: Extend the expenditure period and life of a tax incremental district in West Bend

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

Draft review: LRB 03-2786/2 Topic: Extend the expenditure period and life of a tax incremental district in West Bend