

2003 ASSEMBLY BILL 437

July 21, 2003 – Introduced by Representatives LOEFFELHOLZ, OTT, MUSSER, PETROWSKI, AINSWORTH, GUNDERSON, HUNDERTMARK, McCORMICK, BIES, OWENS, WARD, HINES, PETTIS, J. WOOD, KESTELL, KERKMAN, M. WILLIAMS, TOWNS, HAHN, POWERS, LOTHIAN, VRAKAS, JOHNSRUD, J. FITZGERALD, SERATTI, WEBER, HUEBSCH, LADWIG, KREIBICH, GRONEMUS, FREESE, ALBERS, FRISKE, SUDER and STONE, cosponsored by Senators KEDZIE, SCHULTZ, BRESKE, KANAVAS and A. LASEE. Referred to Committee on Rural Development.

1 **AN ACT** *to create* 60.23 (32) of the statutes; and *to affect* Laws of 1975, chapter
2 105, section 1 (1) and (2); **relating to:** granting towns limited authority to
3 create tax incremental financing districts.

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 is called a “tax increment.” The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works

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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.

This bill authorizes towns to use tax incremental financing for limited purposes. Under the bill, a town may use the TIF law to expend money or incur monetary obligations for projects related to tourism, agriculture, or forestry. A town may also use the TIF law for residential projects, but only to the extent that the residential project has a necessary and incidental relationship to tourism, agriculture, or forestry. Under the bill, towns may also use the TIF law for retail projects to the extent that the retail development is related to the retail sale of a product that is produced due to an agriculture or forestry project.

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.** 60.23 (32) of the statutes is created to read:

2 **60.23 (32) TOWN TAX INCREMENT POWERS.** (a) Subject to par. (b), exercise all
3 powers of cities under s. 66.1105. If the town board exercises the powers of a city
4 under s. 66.1105, it is subject to the same duties as a common council under s. 66.1105
5 and the town is subject to the same duties and liabilities as a city under s. 66.1105.

6 (b) The only projects for which a town may expend money or incur monetary
7 obligations as a “project cost,” as that term is defined in s. 66.1105 (2) (f) 1., while
8 exercising the powers under par. (a), are the following:

9 1. Projects related to tourism.

10 2. Projects related to agriculture.

11 3. Projects related to forestry.

