

2005 DRAFTING REQUEST

Bill

Received: **01/27/2006**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Mark Gottlieb (608) 267-2369**

By/Representing: **Denise**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - tax incr financing**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Gottlieb@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Allow city, village, to create a new tax incremental district (TID) and subtract land from an existing TID in 1 application

Instructions:

See Attached. Based on -4396, as modified by attached instructions

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>
/?				_____			S&L
/P1	mshovers 01/27/2006	jdye 01/27/2006	pgreensl 01/27/2006	_____	sbasford 01/27/2006		S&L
/1	mshovers 02/03/2006	jdye 02/06/2006	rschluet 02/06/2006	_____	mbarman 02/06/2006	lemery 02/07/2006	

FE Sent For:

<END>

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FE Sent For:

11 MES 2/3/06
1 2/6 jld

266 <END> CH

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1/?	mshovers	1/27/06	py	1/27/06			

FE Sent For:

<END>

Shovers, Marc

From: Solie, Denise
Sent: Thursday, January 26, 2006 5:08 PM
To: Shovers, Marc
Subject: TIF draft

Importance: High

Marc,

We met with DOR today to discuss the draft. They suggested a different way to accomplish our goal of eliminating the 18 month delay (when doing a subtraction from an existing TID and creating a new TID). We would like a new draft, to accomplish the same purpose but in a way that will be administratively less burdensome for the department.

Here's what we would like to do:

Insert in Section 66.1105(4)(gm)4.c. The equalized value of taxable property of the district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the city. **"Except as provided in [whatever you number it]."** In determining the equalized value of taxable property under this subd. 4. c., 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.

Then, draft new language to create in the subd. (referred to above), a process that allows simultaneous subtraction from an existing TID and creation of a new TID as follows:

Applicant may submit an amendment to subtract from an existing TID and an application to create a new TID at the same time.

Applicant must include with the application two certified appraisals (to be paid for by the applicant): (1) the base value of the new TID that is being created and (2) the value of property that is being removed.

The certified value of the parcel or parcels that is/are being subtracted must be of a value equivalent to or greater than the amount needed to be subtracted from existing TIDs to meet the 12% limit when the new TID is created.

A municipality may have only one of these new "accelerated subtraction/creation process" TID at any time.

Require that the resolution of certification must include a statement that there is no other TID of this type.

Require the Joint Review Board to make a finding that this is the only accelerated TID

Finally, cross reference this to any other statutory language relating to the 12% TID limit.

Would you please send us a preliminary draft so we can hopefully save some time and effort discuss with DOR before jacketing it?

Denise Solie
Rep. Mark Gottlieb
608.267.2370



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4495/7

MES

PI
RMR JLD

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

WANTED!
Tues a.m.

gen

1 AN ACT ...; **relating to:** authorizing a city or village to simultaneously create a
2 new tax incremental financing district and subtract territory from an existing
3 tax incremental district. ✓

Analysis by the Legislative Reference Bureau

anal:
prelim

→ To be provided in a future version of the bills
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:

4 SECTION 1. 66.1105 (4) (gm) 4. c. of the statutes is amended to read:
5 66.1105 (4) (gm) 4. c. The Except as provided in sub. (17), the equalized value
6 of taxable property of the district plus the value increment of all existing districts
7 does not exceed 12 percent of the total equalized value of taxable property within the
8 city. In determining the equalized value of taxable property under this subd. 4. c.,
9 the department of revenue shall base its calculations on the most recent equalized

as affected by 2005 Wisconsin Act 6,

1 value of taxable property of the district that is reported under s. 70.57 (1m) before
2 the date on which the resolution under this paragraph is adopted.

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, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46.

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

4 66.1105 (4m) (b) 2. Except as provided in subd. 2m., no tax incremental district
5 may be created and no project plan may be amended unless the board approves the
6 resolution adopted under sub. (4) (gm) or (h) 1. by a majority vote within 30 days after
7 receiving the resolution. The board may not approve the resolution under this
8 subdivision unless the board's approval contains a positive assertion that, in its
9 judgment, the development described in the documents the board has reviewed
10 under subd. 1. would not occur without the creation of a tax incremental district. The
11 board may not approve the resolution under this subdivision unless the board finds
12 that, with regard to a tax incremental district that is proposed to be created by a city
13 under sub. (17) (a), such a district would be the only existing district created under
14 that subsection by that city.

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, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46.

15 **SECTION 3. 66.1105 (17)** of the statutes is created to read:

16 66.1105 (17) SUBTRACTION OF TERRITORY, CREATION OF NEW DISTRICT. (a) Subject
17 to par. (b), a city may simultaneously create a tax incremental district under this
18 section and adopt an amendment to a project plan to subtract territory from an
19 existing district without adopting a resolution containing the 12-percent-limit
20 findings specified in sub. (4) (gm) 4. c. if all of the following occur:

21 1. The city includes with its application described under sub. (5) (b) a copy of
22 its amendment to a project plan ^{e that} which subtracts territory from an existing district,
23 as described in sub. (4) (h) 2.

Shovers, Marc

From: Solie, Denise
Sent: Monday, January 30, 2006 11:43 AM
To: Shovers, Marc
Subject: FW: LRB 4495/P1 TIF subtractions

Importance: High

Marc,

We've gotten a comment from DOR regarding several technical changes to 4495/P1. Please amend the draft as follows and prepare a /1:

All on page 3 --

Line 1, specify that the certified appraisals be completed by a real estate appraiser as defined under the Wisc Dept of Regulation & Licensing.

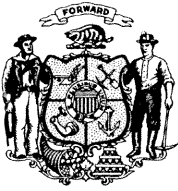
Line 3, specify that the value be the current fair market value

Line 4, specify that the value be the current fair market value

Line 8, add, after the word "is" the words ", in the judgment of the department of revenue,"

THANK YOU!

Denise Solie
Rep. Mark Gottlieb
608.267.2370



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4495/P1
MES:jld:pg

RMP

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SOON

open

1 AN ACT *to amend* 66.1105 (4) (gm) 4. c. and 66.1105 (4m) (b) 2.; and *to create*
2 66.1105 (17) of the statutes; **relating to:** authorizing a city or village to
3 simultaneously create a new tax incremental financing district and subtract
4 territory from an existing tax incremental district.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.
For further information see the *state and local* fiscal estimate, which will be
printed as an appendix to this bill.

INS
AML

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

5 SECTION 1. 66.1105 (4) (gm) 4. c. of the statutes, as affected by 2005 Wisconsin
6 Act 6, is amended to read:

7 66.1105 (4) (gm) 4. c. The Except as provided in sub. (17), the equalized value
8 of taxable property of the district plus the value increment of all existing districts
9 does not exceed 12 percent of the total equalized value of taxable property within the

1 city. In determining the equalized value of taxable property under this subd. 4. c.,
2 the department of revenue shall base its calculations on the most recent equalized
3 value of taxable property of the district that is reported under s. 70.57 (1m) before
4 the date on which the resolution under this paragraph is adopted.

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

6 66.1105 (4m) (b) 2. Except as provided in subd. 2m., no tax incremental district
7 may be created and no project plan may be amended unless the board approves the
8 resolution adopted under sub. (4) (gm) or (h) 1. by a majority vote within 30 days after
9 receiving the resolution. The board may not approve the resolution under this
10 subdivision unless the board's approval contains a positive assertion that, in its
11 judgment, the development described in the documents the board has reviewed
12 under subd. 1. would not occur without the creation of a tax incremental district. The
13 board may not approve the resolution under this subdivision unless the board finds
14 that, with regard to a tax incremental district that is proposed to be created by a city
15 under sub. (17) (a), such a district would be the only existing district created under
16 that subsection by that city.

17 **SECTION 3.** 66.1105 (17) ✓ of the statutes is created to read:

18 66.1105 (17) SUBTRACTION OF TERRITORY, CREATION OF NEW DISTRICT. (a) Subject
19 to par. (b), a city may simultaneously create a tax incremental district under this
20 section and adopt an amendment to a project plan to subtract territory from an
21 existing district without adopting a resolution containing the 12-percent-limit
22 findings specified in sub. (4) (gm) 4. c. if all of the following occur:

23 1. The city includes with its application described under sub. (5) (b) a copy of
24 its amendment to a project plan that subtracts territory from an existing district, as
25 described in sub. (4) (h) 2.

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4495/lins
MES:jld:pg

INS ANL

Under the current tax incremental financing 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 conservation, suitable for industrial sites, or suitable for mixed-use development. 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 TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city 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, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a new TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

Currently, before a TID may be created or its project plan amended, the city or village must adopt a resolution containing a finding that the equalized value of taxable property of the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property in the city or village (the "12-percent test"), unless the amendment of the project plan only subtracts territory from the TID. Currently, it may take DOR up to 18 months to recalculate the value increment of a TID from which territory has been subtracted. Typically under current law, a city or village must wait for such a recalculation of the value increment of a TID from which territory has been subtracted before the city or village will be able to determine whether it can create a new TID and comply with the 12-percent test.

Under this bill, a city or village may simultaneously create a new TID and subtract territory from an existing TID without adopting a resolution containing the



two
12 percent test if a number of things occur. The bill requires that the city or village provide DOR with 2 appraisals which demonstrate the current fair market value (FMV) of the territory in the TID that the city or village proposes to create and the current FMV of the territory that the city or village proposes to subtract from an existing TID. The bill also requires that the appraisals demonstrate that the value of the territory that is subtracted at least equals the amount that DOR believes is necessary to ensure that, when the new TID is created, the 12 percent test is met.

The bill prohibits a city or village from creating a new TID using the method authorized in the bill if a similarly created TID currently exists in the city or village, and the bill requires that the city or village certify to DOR that no other district created under this method currently exists in the city or village.

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

(end ins)

Emery, Lynn

From: Solie, Denise
Sent: Tuesday, February 07, 2006 3:29 PM
To: LRB.Legal
Subject: Draft Review: LRB 05-4495/1 Topic: Allow city, village, to create a new tax incremental district (TID) and subtract land from an existing TID in 1 application

Please Jacket LRB 05-4495/1 for the ASSEMBLY.