



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 12/02/2004 (Per: MES)



Pt. 02

☞ The 2003 drafting file for LRB 03-2260/4

has been transferred to the drafting file for

2005 LRB 05-1111

☞ This cover sheet, the final request sheet, and the final version of the 2003 draft were copied on yellow paper, and returned to the original 2003 drafting file.

☞ The attached 2003 draft was incorporated into the new 2005 draft listed above. For research purposes, this cover sheet and the complete drafting file were transferred, as a separate appendix, to the 2005 drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-2260/2

MES:kjf:fl

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2003 BILL

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1 AN ACT *to create* 66.1110 of the statutes; **relating to:** authorizing the creation
2 of neighborhood improvement districts.

Analysis by the Legislative Reference Bureau

Under current law a city, village, or town (municipality) may create a business improvement district (BID), upon being petitioned to do so by an owner of real property used for commercial purposes, if a number of steps are taken. In general, a BID is an area within a municipality consisting of contiguous parcels that are subject to general real estate taxes, other than railroad rights-of-way. If a BID is created under an approved operating plan, the municipality may impose special assessments on real property located within the BID, other than property used exclusively for residential purposes, to provide for the development, redevelopment, maintenance, operation, and promotion of the BID. A BID may not be created, however, if a petition opposing the proposed BID is submitted to the municipality's governing body by the owners of property to be assessed under the proposed plan having a valuation equal to at least 40 percent of the valuation of all property to be so assessed.

This bill allows a municipality to create a neighborhood improvement district (NID), upon being petitioned to do so by an owner of real property that is located in the NID or in the proposed NID, if a number of steps are taken. These steps are based on the current law that allows the creation of a BID. In general, under the bill, a NID is an area within a municipality consisting of parcels that are nearby, but not necessarily contiguous, at least some of which are used for residential purposes and are subject to general real estate taxes, and also may include property that is

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acquired and owned by the NID board. If a NID is created under an approved operating plan, the municipality may impose special assessments on real property located within the NID to provide for the development, redevelopment, maintenance, operation, and promotion of the NID. Under the bill, a municipality or a NID board, as specified in the operating plan, has all of the powers necessary or convenient to implement the operating plan, and specifically grants a municipality or a NID board the power to enter into contracts. A municipality may authorize a NID board to own real property.

In general, the provisions in this bill related to the filing of a petition to create a NID, the imposition of special assessments on real property located within the NID, and the termination of a NID are very similar to the current law provisions related to a BID, although this bill contains additional procedures under which a NID may not be created or may be terminated.

~~A NID ^{shall} not be created if the owners of property who constitute more than 40 percent of the total number of owners of real property to be assessed under the proposed initial operating plan have filed a petition with the planning commission protesting the proposed NID or its proposed operating plan. In addition, a NID may be terminated if the owners of property who constitute more than 50 percent of the total number of owners of real property who are assessed under the operating plan file a petition with the planning commission requesting the termination of the NID and if either one of two specified groups of property owners file a similar petition.~~

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. 66.1110 of the statutes is created to read:

2 **66.1110 Neighborhood improvement districts.** (1) In this section:

3 (a) "Board" means a neighborhood improvement district board appointed
4 under sub. (4) (a).

5 (b) "Chief executive officer" means a mayor, city manager, village president, or
6 town chairperson.

7 (c) "Local legislative body" means a common council, village board of trustees,
8 or town board of supervisors.

9 (d) "Municipality" means a city, village, or town.

Subject to a number of conditions

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1 (e) “Neighborhood improvement district” means an area within a municipality
2 consisting of nearby but not necessarily contiguous parcels, at least some of which
3 are used for residential purposes and are subject to general real estate taxes, and
4 property that is acquired and owned by the board if the local legislative body
5 approved acquisition of the property under sub. (4) (d) as part of its approval of the
6 initial operating plan under sub. (3) (e).

7 (f) “Operating plan” means a plan adopted or amended under this section for
8 the development, redevelopment, maintenance, operation, and promotion of a
9 neighborhood improvement district.

10 (g) “Owner” means the owner of real property that is located within the
11 boundaries, or the proposed boundaries, of a neighborhood improvement district.

12 (h) “Planning commission” means a plan commission under s. 62.23 or, if none
13 exists, a board of public land commissioners or, if none exists, a planning committee
14 of the local legislative body.

15 (2) An operating plan shall include at least all of the following elements:

16 (a) The special assessment method applicable to the neighborhood
17 improvement district.

18 (b) The kind, number, and location of all proposed expenditures within the
19 neighborhood improvement district.

20 (c) A description of the methods of financing all estimated expenditures and the
21 time when related costs will be incurred.

22 (d) A description of how the creation of the neighborhood improvement district
23 promotes the orderly development of the municipality, including its relationship to
24 any municipal master plan.

BILL**SECTION 1**

1 (e) A statement as to whether the local legislative body authorizes the board
2 to own real property and, if so, a description of the real property to be owned, the
3 purpose of the ownership, and a statement of to whom the real property will be
4 transferred if the neighborhood improvement district is terminated.

5 (f) A legal opinion that pars. (a) to (e) have been complied with.

6 (3) A municipality may create a neighborhood improvement district and adopt
7 its operating plan if all of the following conditions are met:

8 (a) An owner of real property subject to general real estate taxes and located
9 in the proposed neighborhood improvement district designated under par. (b) has
10 petitioned the municipality for creation of a neighborhood improvement district.

11 (b) The planning commission has designated a proposed neighborhood
12 improvement district and adopted its proposed initial operating plan.

13 (c) At least 30 days before creation of the neighborhood improvement district
14 and adoption of its initial operating plan by the municipality, the planning
15 commission has held a public hearing on its proposed neighborhood improvement
16 district and initial operating plan. Notice of the hearing shall be published as a class
17 2 notice under ch. 985. Before publication, a copy of the notice, together with a copy
18 of the proposed initial operating plan and a copy of a detail map showing the
19 boundaries of the proposed neighborhood improvement district, shall be sent by
20 certified mail to all owners of real property within the proposed neighborhood
21 improvement district. The notice shall state the boundaries of the proposed
22 neighborhood improvement district and shall indicate that copies of the proposed
23 initial operating plan are available from the planning commission on request.

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1 (d) Within 30 days after the hearing under par. (c), one of the following has not
2 filed a petition with the planning commission protesting the proposed neighborhood
3 improvement district or its proposed initial operating plan:

4 1. The owners of property to be assessed under the proposed initial operating
5 plan having a valuation equal to more than 40 percent of the valuation of all property
6 to be assessed under the proposed initial operating plan, using the method of
7 valuation specified in the proposed initial operating plan.

8 2. The owners of property to be assessed under the proposed initial operating
9 plan having an assessed valuation equal to more than 40 percent of the assessed
10 valuation of all property to be assessed under the proposed initial operating plan.

11 3. The owners of property who constitute more than 40 percent of the total
12 number of owners of real property to be assessed under the proposed initial operating
13 plan.

14 (e) The local legislative body has voted to adopt the proposed initial operating
15 plan for the municipality.

16 (4) (a) ^{l,} The chief executive officer shall appoint members to a neighborhood
17 improvement district board to implement the operating plan. Board members shall
18 be confirmed by the local legislative body and shall serve staggered terms designated
19 by the local legislative body. The board shall have at least 5 members, a majority of
20 whom shall own or occupy residential ^{real} property in the neighborhood improvement
21 district. → #

22 (b) The board shall annually consider and may make changes to the operating
23 plan, which may include termination of the plan, for the neighborhood improvement
24 district. The board shall then submit the operating plan to the local legislative body
25 for its approval. If the local legislative body disapproves the operating plan, the

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BILL**SECTION 1**

1 board shall consider and may make changes to the operating plan and may continue
2 to resubmit the operating plan until local legislative body approval is obtained. Any
3 change to the special assessment method applicable to the neighborhood
4 improvement district shall be approved by the local legislative body.

5 (c) The board shall prepare and make available to the public annual reports
6 describing the current status of the neighborhood improvement district, including
7 expenditures and revenues. The report shall include an independent certified audit
8 of the implementation of the operating plan obtained by the municipality. The
9 municipality shall obtain an additional independent certified audit upon
10 termination of the neighborhood improvement district.

11 (d) Either the board or the municipality, as specified in the operating plan as
12 adopted, or amended and approved under this section, has all of the powers
13 necessary or convenient to implement the operating plan, including the power to
14 contract.

15 (5) All special assessments received from a neighborhood improvement district
16 and all other appropriations by the municipality or other moneys received for the
17 benefit of the neighborhood improvement district shall be placed in a segregated
18 account in the municipal treasury. No disbursements from the account may be made
19 except to reimburse the municipality for appropriations other than special
20 assessments, to pay the costs of audits required under sub. (4) (c) or on order of the
21 board for the purpose of implementing the operating plan. On termination of the
22 neighborhood improvement district by the municipality, all moneys collected by
23 special assessment remaining in the account shall be disbursed to the owners of
24 specially assessed property in the neighborhood improvement district, in the same
25 proportion as the last collected special assessment.

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one of the following occurs:

1 (6) (a) Subject to pars. (b) and (c), a municipality shall terminate a
2 neighborhood improvement district if ~~the owners described under subd. 3., and~~
3 ~~either the owners described under subd. 1. or 2.~~ file a petition with the planning
4 commission requesting termination of the neighborhood improvement district.

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5 → 1. The owners of property assessed under the operating plan having a valuation
6 equal to more than 50 percent of the valuation of all property assessed under the
7 operating plan, using the method of valuation specified in the operating plan.

8 2. The owners of property assessed under the operating plan having an
9 assessed valuation equal to more than 50 percent of the assessed valuation of all
10 property assessed under the operating plan.

11 3. The owners of property who constitute more than 50 percent of the total
12 number of owners of real property who are assessed under the operating plan.

*INS
7-12*

13 (b) 1. A petition may not be filed under this subsection earlier than one year
14 after the date on which the municipality first adopts the operating plan for the
15 neighborhood improvement district.

up par. (a) 1. or 2.

16 2. On and after the date on which a petition is filed under ~~this subsection,~~
17 *INS 7-16* neither the board nor the municipality may enter into any new obligations by
18 contract or otherwise to implement the operating plan until the expiration of 30 days
19 after the date of the hearing under subd. 3. and unless the neighborhood
20 improvement district is not terminated under par. (c).

21 3. Within 30 days after the filing of a petition under ~~this subsection,~~
22 *par. (a) 1. or 2.* the planning commission shall hold a public hearing on the proposed termination.

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23 *NOT* Notice of the hearing shall be published as a class 2 notice under ch. 985. Before
24 publication, a copy of the notice, together with a copy of a detail map showing the
25 boundaries of the neighborhood improvement district, shall be sent by certified mail

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SECTION 1

1 to all owners of real property within the neighborhood improvement district. The
 2 notice shall state the boundaries of the neighborhood improvement district and shall
 3 indicate that copies of the operating plan are available from the planning
 4 commission on request and are posted in the building in which the municipality's
 5 governing body regularly holds its meetings.

*the district under
 par. (a) 3.*

6 4. Within 30 days after the date of the hearing under subd. 3., every owner of
 7 property assessed under the operating plan may send written notice to the planning
 8 commission indicating, if the owner signed a petition under this subsection that the
 9 owner retracts the owner's request to terminate the neighborhood improvement
 10 district, or, if the owner did not sign the petition that the owner requests termination
 11 of the neighborhood improvement district.

par. (a) 1. or 2.

under par. (a) 1. or 2. or retracts the owner's request to continue

file or a under par. (a) 1. or 2.

under par. (a) 1. or 2. or continuation

12 (c) After the expiration of 30 days after the date of the hearing under par. (b)
 13 3., and after subtracting any retractions under par. (b) 4., the municipality shall
 14 terminate the neighborhood improvement district on the date on which the
 15 obligation with the latest completion date entered into to implement the operating
 16 plan expires if the owners who have signed the petition requesting the termination
 17 of the neighborhood improvement district constitute the required groups specified
 18 in par. (a).

under par. (a) 1. or 2.

1. or 2., or if an insufficient representation of owners, as described under par. (a) 3., petition to continue the neighborhood

19 (7) (a) A municipality may terminate a neighborhood improvement district at
 20 any time.

21 (b) This section does not limit the power of a municipality under other law to
 22 regulate the use of or specially assess real property.

23 (END)

*improvement district
 under par. (a) 3*

D-NOTE

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2260/3ins
MES:kjf:jf

INSERT ANL

NO P having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan fail to file a petition with the NID's planning commission to continue the NID within one year after the membership of the NID's board changes from a majority which represents commercial properties to a majority that represents residential properties, or vice versa.

INSERT 5-21

2. The number of initial board members who represent commercial and residential property, respectively, shall be, as closely as possible, in the same proportion as is the aggregate valuation of commercial property in the neighborhood improvement district to the total assessed value of all property in the district, and the aggregate valuation of residential property in the district to the total assessed value of all property in the district.

3. Annually, the number of board members who represent commercial and residential properties, based on the calculation described in subd. [✓]2., may be reallocated to the greatest extent possible to be consistent with the proportion described under subd. [✓]2. If the number of board members who represent commercial and residential properties needs to be reallocated to be consistent with the proportion described under subd. [✓]2. and if a vacancy on the board does not exist to accommodate this reallocation, the chief executive officer may decide whether to remove an existing board member whose term has not expired, and to appoint a new member, to ensure that the proportion of board members is consistent with the proportion described under subd. [✓]2.

INSERT 7-12

having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan fail to file a petition with the planning commission

to continue the neighborhood improvement district within one year of the date on which the membership of the board changes from a majority which represents commercial properties to a majority that represents residential properties, or vice versa, *as described under sub. (4) (a) [✓] 3*

INSERT 7-16

or on and after the date on which a petition must be filed under par. (a) 3., [✓]

INSERT 7-22

No # Within 30 days after the deadline for filing a petition under par. (a) 3. [✓] passes, the planning commission shall hold a public hearing on the proposed termination.

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

LRB-2260/3dn
MES:kjf:jf

Date

Representative *mmf* *Colon*:

Richards

The redraft instructions that you submitted relating to created s. 66.1110 (6) are somewhat confusing. These instructions state that a municipality shall terminate a NID if a certain combination of owners of property file a petition requesting the termination of the NID, or if a certain combination of owners of property *fail* to file a petition requesting the continuation of a NID. Because these instructions require that a NID be terminated if a petition is filed, or if a petition is not filed, it is unclear to me what your intent is with regard to created s. 66.1110 (6) (b) 4.

Section 66.1110 (6) (b) 4. allows an owner of property to send written notice to the planning commission indicating, if the owner has signed a petition under sub. (6), which includes a petition to terminate a NID and a petition to continue a NID, to "retract the owner's petition or, if the owner did not sign the petition, that the owner requests to file a petition." Does this mean that an owner who signed a petition under sub. (6) (a) 1. or 2., as it appears in the /3 version of this bill, to terminate a NID may retract his or her signature, meaning that the owner doesn't want to terminate the NID? I have assumed that this is the case.

Do you also mean that an owner who signed a petition to continue a NID, as described in sub. (6) (a) 3. of this draft, may retract his or her signature, meaning that the owner doesn't want the NID to continue? To avoid a great deal of complexity, I have assumed that your instructions do not apply to an owner who wishes to retract his or her signature on a petition to continue a NID. Please let me know if this is not consistent with your intent.

Similarly, sub. (6) (b) 4. of your instructions contain the phrase, as mentioned above, "if the owner did not sign the petition, that the owner requests to file a petition." Does this refer to an owner who filed a petition to terminate a NID under sub. (6) (a) 1. or 2. of the /3 version, or to an owner who wishes to file a petition to continue a NID under sub. (6) (a) 3. of the /3 version of the bill? Again, to avoid great complexity, I've assumed that the instructions only refer to filing a petition to terminate a NID under sub. (6) (a) 1. or 2. Please let me know if this is not consistent with your intent.

Your redraft instructions also contain a new system to reapportion the membership on a NID's board between board members that represent commercial and residential properties, but the instructions do not account for the fact that such a reallocation may

impact members who have been appointed to terms that have not expired. I have attempted to deal with this situation in sub. (4) (a) 2. and 3. by allowing the chief executive officer of the municipality, who has the power to appoint members to the board, to decide whether to remove an existing board member whose term has not expired in order to comply with the ratio of "commercial" and "residential" board members as described in your instructions. Please let me know if this element of the draft does not comply with your intent.

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2260/3dn
MES:kjf:rs

February 17, 2004

Representative Richards:

The redraft instructions that you submitted relating to created s. 66.1110 (6) are somewhat confusing. These instructions state that a municipality shall terminate a NID if a certain combination of owners of property file a petition requesting the termination of the NID, or if a certain combination of owners of property *fail* to file a petition requesting the continuation of a NID. Because these instructions require that a NID be terminated if a petition is filed, or if a petition is not filed, it is unclear to me what your intent is with regard to created s. 66.1110 (6) (b) 4.

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impact members who have been appointed to terms that have not expired. I have attempted to deal with this situation in sub. (4) (a) 2. and 3. by allowing the chief executive officer of the municipality, who has the power to appoint members to the board, to decide whether to remove an existing board member whose term has not expired in order to comply with the ratio of "commercial" and "residential" board members as described in your instructions. Please let me know if this element of the draft does not comply with your intent.

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

Shovers, Marc

From: Kostelic2, Jeff
Sent: Wednesday, February 18, 2004 11:15 AM
To: Shovers, Marc
Subject: NID bill

Marc,

Thanks for all of your work on this bill. The parties involved have had an opportunity to review the latest draft. The bill is the way they want it, with one exception.

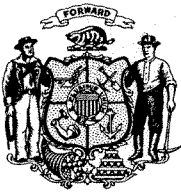
It was suggested that the petitioner under subparagraph 6(a)(3) should have all of the same rights as a petitioner under subparagraph 6(a)(1) and (2). In other words, a 6(a)(3) petitioner should be able to retract or file a petition within 30 days after the public hearing. Could you make this modification today?

Let me know if this is a problem. Thanks.

Jeff Kostelic

Office of Representative Jon Richards

266-0650



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-2260/3

MES:kjf:js

2003 BILL

D-note

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This bill allows a municipality to create a neighborhood improvement district (NID), upon being petitioned to do so by an owner of real property that is located in the NID or in the proposed NID, if a number of steps are taken. These steps are based on the current law that allows the creation of a BID. In general, under the bill, a NID is an area within a municipality consisting of parcels that are nearby, but not necessarily contiguous, at least some of which are used for residential purposes and are subject to general real estate taxes, and also may include property that is

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acquired and owned by the NID board. If a NID is created under an approved operating plan, the municipality may impose special assessments on real property located within the NID to provide for the development, redevelopment, maintenance, operation, and promotion of the NID. Under the bill, a municipality or a NID board, as specified in the operating plan, has all of the powers necessary or convenient to implement the operating plan, and specifically grants a municipality or a NID board the power to enter into contracts. A municipality may authorize a NID board to own real property.

In general, the provisions in this bill related to the filing of a petition to create a NID, the imposition of special assessments on real property located within the NID, and the termination of a NID are very similar to the current law provisions related to a BID, although this bill contains additional procedures under which a NID may be terminated.

Subject to a number of conditions, a NID shall be terminated if the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan fail to file a petition with the NID's planning commission to continue the NID within one year after the membership of the NID's board changes from a majority which represents commercial properties to a majority that represents residential properties, or vice versa.

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

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14 of the local legislative body.

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20 (c) A description of the methods of financing all estimated expenditures and the
21 time when related costs will be incurred.

22 (d) A description of how the creation of the neighborhood improvement district
23 promotes the orderly development of the municipality, including its relationship to
24 any municipal master plan.

BILL**SECTION 1**

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4 transferred if the neighborhood improvement district is terminated.

5 (f) A legal opinion that pars. (a) to (e) have been complied with.

6 **(3)** A municipality may create a neighborhood improvement district and adopt
7 its operating plan if all of the following conditions are met:

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9 in the proposed neighborhood improvement district designated under par. (b) has
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11 (b) The planning commission has designated a proposed neighborhood
12 improvement district and adopted its proposed initial operating plan.

13 (c) At least 30 days before creation of the neighborhood improvement district
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19 boundaries of the proposed neighborhood improvement district, shall be sent by
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22 neighborhood improvement district and shall indicate that copies of the proposed
23 initial operating plan are available from the planning commission on request.

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1 (d) Within 30 days after the hearing under par. (c), one of the following has not
2 filed a petition with the planning commission protesting the proposed neighborhood
3 improvement district or its proposed initial operating plan:

4 1. The owners of property to be assessed under the proposed initial operating
5 plan having a valuation equal to more than 40 percent of the valuation of all property
6 to be assessed under the proposed initial operating plan, using the method of
7 valuation specified in the proposed initial operating plan.

8 2. The owners of property to be assessed under the proposed initial operating
9 plan having an assessed valuation equal to more than 40 percent of the assessed
10 valuation of all property to be assessed under the proposed initial operating plan.

11 (e) The local legislative body has voted to adopt the proposed initial operating
12 plan for the municipality.

13 (4) (a) 1. The chief executive officer shall appoint members to a neighborhood
14 improvement district board to implement the operating plan. Board members shall
15 be confirmed by the local legislative body and shall serve staggered terms designated
16 by the local legislative body. The board shall have at least 5 members, all of whom
17 shall own or occupy real property in the neighborhood improvement district.

18 2. The number of initial board members who represent commercial and
19 residential property, respectively, shall be, as closely as possible, in the same
20 proportion as is the aggregate valuation of commercial property in the neighborhood
21 improvement district to the total assessed value of all property in the district, and
22 the aggregate valuation of residential property in the district to the total assessed
23 value of all property in the district.

24 3. Annually, the number of board members who represent commercial and
25 residential properties, based on the calculation described in subd. 2., may be

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1 reallocated to the greatest extent possible to be consistent with the proportion
2 described under subd. 2. If the number of board members who represent commercial
3 and residential properties needs to be reallocated to be consistent with the
4 proportion described under subd. 2. and if a vacancy on the board does not exist to
5 accommodate this reallocation, the chief executive officer may decide whether to
6 remove an existing board member whose term has not expired, and to appoint a new
7 member, to ensure that the proportion of board members is consistent with the
8 proportion described under subd. 2.

9 (b) The board shall annually consider and may make changes to the operating
10 plan, which may include termination of the plan, for the neighborhood improvement
11 district. The board shall then submit the operating plan to the local legislative body
12 for its approval. If the local legislative body disapproves the operating plan, the
13 board shall consider and may make changes to the operating plan and may continue
14 to resubmit the operating plan until local legislative body approval is obtained. Any
15 change to the special assessment method applicable to the neighborhood
16 improvement district shall be approved by the local legislative body.

17 (c) The board shall prepare and make available to the public annual reports
18 describing the current status of the neighborhood improvement district, including
19 expenditures and revenues. The report shall include an independent certified audit
20 of the implementation of the operating plan obtained by the municipality. The
21 municipality shall obtain an additional independent certified audit upon
22 termination of the neighborhood improvement district.

23 (d) Either the board or the municipality, as specified in the operating plan as
24 adopted, or amended and approved under this section, has all of the powers

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1 necessary or convenient to implement the operating plan, including the power to
2 contract.

3 (5) All special assessments received from a neighborhood improvement district
4 and all other appropriations by the municipality or other moneys received for the
5 benefit of the neighborhood improvement district shall be placed in a segregated
6 account in the municipal treasury. No disbursements from the account may be made
7 except to reimburse the municipality for appropriations other than special
8 assessments, to pay the costs of audits required under sub. (4) (c) or on order of the
9 board for the purpose of implementing the operating plan. On termination of the
10 neighborhood improvement district by the municipality, all moneys collected by
11 special assessment remaining in the account shall be disbursed to the owners of
12 specially assessed property in the neighborhood improvement district, in the same
13 proportion as the last collected special assessment.

14 (6) (a) Subject to pars. (b) and (c), a municipality shall terminate a
15 neighborhood improvement district if one of the following occurs:

16 1. The owners of property assessed under the operating plan having a valuation
17 equal to more than 50 percent of the valuation of all property assessed under the
18 operating plan, using the method of valuation specified in the operating plan, file a
19 petition with the planning commission requesting termination of the neighborhood
20 improvement district.

21 2. The owners of property assessed under the operating plan having an
22 assessed valuation equal to more than 50 percent of the assessed valuation of all
23 property assessed under the operating plan, file a petition with the planning
24 commission requesting termination of the neighborhood improvement district.

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1 3. The owners of property assessed under the operating plan having a valuation
2 equal to more than 50 percent of the valuation of all property assessed under the
3 operating plan fail to file a petition with the planning commission to continue the
4 neighborhood improvement district within one year of the date on which the
5 membership of the board changes from a majority which represents commercial
6 properties to a majority that represents residential properties, or vice versa, as
7 described under sub. (4) (a) 3.

8 (b) 1. A petition may not be filed under this subsection earlier than one year
9 after the date on which the municipality first adopts the operating plan for the
10 neighborhood improvement district.

11 2. On and after the date on which a petition is filed under par. (a) 1. or 2., or
12 on and after the date on which a petition must be filed under par. (a) 3., neither the
13 board nor the municipality may enter into any new obligations by contract or
14 otherwise to implement the operating plan until the expiration of 30 days after the
15 date of the hearing under subd. 3. and unless the neighborhood improvement district
16 is not terminated under par. (c).

17 3. Within 30 days after the filing of a petition under par. (a) 1. or 2., the planning
18 commission shall hold a public hearing on the proposed termination. Within 30 days
19 after the deadline for filing a petition under par. (a) 3. passes, the planning
20 commission shall hold a public hearing on the proposed termination. Notice of the
21 hearing shall be published as a class 2 notice under ch. 985. Before publication, a
22 copy of the notice, together with a copy of a detail map showing the boundaries of the
23 neighborhood improvement district, shall be sent by certified mail to all owners of
24 real property within the neighborhood improvement district. The notice shall state
25 the boundaries of the neighborhood improvement district and shall indicate that

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1 copies of the operating plan are available from the planning commission on request
2 and are posted in the building in which the municipality's governing body regularly
3 holds its meetings.

4 4. Within 30 days after the date of the hearing under subd. 3., every owner of
5 property assessed under the operating plan may send written notice to the planning
6 commission indicating, if the owner signed a petition under par. (a) 1. or 2., that the
7 owner retracts the owner's request to terminate the neighborhood improvement
8 district, or, if the owner did not file or sign a petition under par. (a) 1. or 2., that the
9 owner requests termination of the neighborhood improvement district under par. (a)
10 1. or 2.

INS
9-10 →
11 (c) After the expiration of 30 days after the date of the hearing under par. (b)
12 3., and after *adding any additions and* subtracting any retractions under par. (b) 4, *and 5.* the municipality shall
13 terminate the neighborhood improvement district on the date on which the
14 obligation with the latest completion date entered into to implement the operating
15 plan expires if the owners who have signed the petition requesting the termination
16 of the neighborhood improvement district under par. (a) 1. or 2. constitute the
17 required groups specified in par. (a) 1. or 2., or if an insufficient representation of
18 owners, as described under par. (a) 3., petition to continue the neighborhood
19 improvement district under par. (a) 3.

20 (7) (a) A municipality may terminate a neighborhood improvement district at
21 any time.

22 (b) This section does not limit the power of a municipality under other law to
23 regulate the use of or specially assess real property.

24 (END)

D-Note

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2260/4ins
MES:kjfrs

INS 9-10

5. Within 30 days after the date of the hearing under subd. 3., every owner of property assessed under the operating plan may send written notice to the planning commission indicating, if the owner signed a petition under par. (a) 3., that the owner retracts the owner's request to continue the neighborhood improvement district, or, if the owner did not file or sign a petition under par. (a) 3., that the owner requests continuation of the neighborhood improvement district under subd. 3.

D-NOTE

Date

LRB-2260/4dn
MES:lyf

This versionⁿ of the bill adds sub. (6) (b) 5, and the phrase "adding any additions and" in sub. (6) (b) 4. to allow for ~~to~~ addition of owners who want to terminate under sub. (6) (a) 1. and 2., and owners who want to continue under sub. (6) (a) 3.

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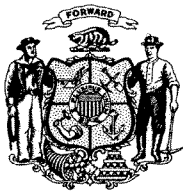
DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2260/4dn
MES:kjf:ch

February 18, 2004

This version of the bill adds sub. (6) (b) 5. and the phrase "adding any additions and" in sub. (6) (c) to allow for the addition of owners who want to terminate under sub. (6) (a) 1. and 2., and owners who want to continue under sub. (6) (a) 3.

Marc E. Shovers
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2003 BILL

- 1 AN ACT *to create* 66.1110 of the statutes; **relating to:** authorizing the creation
2 of neighborhood improvement districts.

Analysis by the Legislative Reference Bureau

Under current law a city, village, or town (municipality) may create a business improvement district (BID), upon being petitioned to do so by an owner of real property used for commercial purposes, if a number of steps are taken. In general, a BID is an area within a municipality consisting of contiguous parcels that are subject to general real estate taxes, other than railroad rights-of-way. If a BID is created under an approved operating plan, the municipality may impose special assessments on real property located within the BID, other than property used exclusively for residential purposes, to provide for the development, redevelopment, maintenance, operation, and promotion of the BID. A BID may not be created, however, if a petition opposing the proposed BID is submitted to the municipality's governing body by the owners of property to be assessed under the proposed plan having a valuation equal to at least 40 percent of the valuation of all property to be so assessed.

This bill allows a municipality to create a neighborhood improvement district (NID), upon being petitioned to do so by an owner of real property that is located in the NID or in the proposed NID, if a number of steps are taken. These steps are based on the current law that allows the creation of a BID. In general, under the bill, a NID is an area within a municipality consisting of parcels that are nearby, but not necessarily contiguous, at least some of which are used for residential purposes and are subject to general real estate taxes, and also may include property that is

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acquired and owned by the NID board. If a NID is created under an approved operating plan, the municipality may impose special assessments on real property located within the NID to provide for the development, redevelopment, maintenance, operation, and promotion of the NID. Under the bill, a municipality or a NID board, as specified in the operating plan, has all of the powers necessary or convenient to implement the operating plan, and specifically grants a municipality or a NID board the power to enter into contracts. A municipality may authorize a NID board to own real property.

In general, the provisions in this bill related to the filing of a petition to create a NID, the imposition of special assessments on real property located within the NID, and the termination of a NID are very similar to the current law provisions related to a BID, although this bill contains additional procedures under which a NID may be terminated.

Subject to a number of conditions, a NID shall be terminated if the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan fail to file a petition with the NID's planning commission to continue the NID within one year after the membership of the NID's board changes from a majority which represents commercial properties to a majority that represents residential properties, or vice versa.

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.** 66.1110 of the statutes is created to read:

2 **66.1110 Neighborhood improvement districts.** (1) In this section:

3 (a) "Board" means a neighborhood improvement district board appointed
4 under sub. (4) (a).

5 (b) "Chief executive officer" means a mayor, city manager, village president, or
6 town chairperson.

7 (c) "Local legislative body" means a common council, village board of trustees,
8 or town board of supervisors.

9 (d) "Municipality" means a city, village, or town.

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1 (e) “Neighborhood improvement district” means an area within a municipality
2 consisting of nearby but not necessarily contiguous parcels, at least some of which
3 are used for residential purposes and are subject to general real estate taxes, and
4 property that is acquired and owned by the board if the local legislative body
5 approved acquisition of the property under sub. (4) (d) as part of its approval of the
6 initial operating plan under sub. (3) (e).

7 (f) “Operating plan” means a plan adopted or amended under this section for
8 the development, redevelopment, maintenance, operation, and promotion of a
9 neighborhood improvement district.

10 (g) “Owner” means the owner of real property that is located within the
11 boundaries, or the proposed boundaries, of a neighborhood improvement district.

12 (h) “Planning commission” means a plan commission under s. 62.23 or, if none
13 exists, a board of public land commissioners or, if none exists, a planning committee
14 of the local legislative body.

15 **(2)** An operating plan shall include at least all of the following elements:

16 (a) The special assessment method applicable to the neighborhood
17 improvement district.

18 (b) The kind, number, and location of all proposed expenditures within the
19 neighborhood improvement district.

20 (c) A description of the methods of financing all estimated expenditures and the
21 time when related costs will be incurred.

22 (d) A description of how the creation of the neighborhood improvement district
23 promotes the orderly development of the municipality, including its relationship to
24 any municipal master plan.

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1 (e) A statement as to whether the local legislative body authorizes the board
2 to own real property and, if so, a description of the real property to be owned, the
3 purpose of the ownership, and a statement of to whom the real property will be
4 transferred if the neighborhood improvement district is terminated.

5 (f) A legal opinion that pars. (a) to (e) have been complied with.

6 **(3)** A municipality may create a neighborhood improvement district and adopt
7 its operating plan if all of the following conditions are met:

8 (a) An owner of real property subject to general real estate taxes and located
9 in the proposed neighborhood improvement district designated under par. (b) has
10 petitioned the municipality for creation of a neighborhood improvement district.

11 (b) The planning commission has designated a proposed neighborhood
12 improvement district and adopted its proposed initial operating plan.

13 (c) At least 30 days before creation of the neighborhood improvement district
14 and adoption of its initial operating plan by the municipality, the planning
15 commission has held a public hearing on its proposed neighborhood improvement
16 district and initial operating plan. Notice of the hearing shall be published as a class
17 2 notice under ch. 985. Before publication, a copy of the notice, together with a copy
18 of the proposed initial operating plan and a copy of a detail map showing the
19 boundaries of the proposed neighborhood improvement district, shall be sent by
20 certified mail to all owners of real property within the proposed neighborhood
21 improvement district. The notice shall state the boundaries of the proposed
22 neighborhood improvement district and shall indicate that copies of the proposed
23 initial operating plan are available from the planning commission on request.

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1 (d) Within 30 days after the hearing under par. (c), one of the following has not
2 filed a petition with the planning commission protesting the proposed neighborhood
3 improvement district or its proposed initial operating plan:

4 1. The owners of property to be assessed under the proposed initial operating
5 plan having a valuation equal to more than 40 percent of the valuation of all property
6 to be assessed under the proposed initial operating plan, using the method of
7 valuation specified in the proposed initial operating plan.

8 2. The owners of property to be assessed under the proposed initial operating
9 plan having an assessed valuation equal to more than 40 percent of the assessed
10 valuation of all property to be assessed under the proposed initial operating plan.

11 (e) The local legislative body has voted to adopt the proposed initial operating
12 plan for the municipality.

13 (4) (a) 1. The chief executive officer shall appoint members to a neighborhood
14 improvement district board to implement the operating plan. Board members shall
15 be confirmed by the local legislative body and shall serve staggered terms designated
16 by the local legislative body. The board shall have at least 5 members, all of whom
17 shall own or occupy real property in the neighborhood improvement district.

18 2. The number of initial board members who represent commercial and
19 residential property, respectively, shall be, as closely as possible, in the same
20 proportion as is the aggregate valuation of commercial property in the neighborhood
21 improvement district to the total assessed value of all property in the district, and
22 the aggregate valuation of residential property in the district to the total assessed
23 value of all property in the district.

24 3. Annually, the number of board members who represent commercial and
25 residential properties, based on the calculation described in subd. 2., may be

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1 reallocated to the greatest extent possible to be consistent with the proportion
2 described under subd. 2. If the number of board members who represent commercial
3 and residential properties needs to be reallocated to be consistent with the
4 proportion described under subd. 2. and if a vacancy on the board does not exist to
5 accommodate this reallocation, the chief executive officer may decide whether to
6 remove an existing board member whose term has not expired, and to appoint a new
7 member, to ensure that the proportion of board members is consistent with the
8 proportion described under subd. 2.

9 (b) The board shall annually consider and may make changes to the operating
10 plan, which may include termination of the plan, for the neighborhood improvement
11 district. The board shall then submit the operating plan to the local legislative body
12 for its approval. If the local legislative body disapproves the operating plan, the
13 board shall consider and may make changes to the operating plan and may continue
14 to resubmit the operating plan until local legislative body approval is obtained. Any
15 change to the special assessment method applicable to the neighborhood
16 improvement district shall be approved by the local legislative body.

17 (c) The board shall prepare and make available to the public annual reports
18 describing the current status of the neighborhood improvement district, including
19 expenditures and revenues. The report shall include an independent certified audit
20 of the implementation of the operating plan obtained by the municipality. The
21 municipality shall obtain an additional independent certified audit upon
22 termination of the neighborhood improvement district.

23 (d) Either the board or the municipality, as specified in the operating plan as
24 adopted, or amended and approved under this section, has all of the powers

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1 necessary or convenient to implement the operating plan, including the power to
2 contract.

3 (5) All special assessments received from a neighborhood improvement district
4 and all other appropriations by the municipality or other moneys received for the
5 benefit of the neighborhood improvement district shall be placed in a segregated
6 account in the municipal treasury. No disbursements from the account may be made
7 except to reimburse the municipality for appropriations other than special
8 assessments, to pay the costs of audits required under sub. (4) (c) or on order of the
9 board for the purpose of implementing the operating plan. On termination of the
10 neighborhood improvement district by the municipality, all moneys collected by
11 special assessment remaining in the account shall be disbursed to the owners of
12 specially assessed property in the neighborhood improvement district, in the same
13 proportion as the last collected special assessment.

14 (6) (a) Subject to pars. (b) and (c), a municipality shall terminate a
15 neighborhood improvement district if one of the following occurs:

16 1. The owners of property assessed under the operating plan having a valuation
17 equal to more than 50 percent of the valuation of all property assessed under the
18 operating plan, using the method of valuation specified in the operating plan, file a
19 petition with the planning commission requesting termination of the neighborhood
20 improvement district.

21 2. The owners of property assessed under the operating plan having an
22 assessed valuation equal to more than 50 percent of the assessed valuation of all
23 property assessed under the operating plan, file a petition with the planning
24 commission requesting termination of the neighborhood improvement district.

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1 3. The owners of property assessed under the operating plan having a valuation
2 equal to more than 50 percent of the valuation of all property assessed under the
3 operating plan fail to file a petition with the planning commission to continue the
4 neighborhood improvement district within one year of the date on which the
5 membership of the board changes from a majority which represents commercial
6 properties to a majority that represents residential properties, or vice versa, as
7 described under sub. (4) (a) 3.

8 (b) 1. A petition may not be filed under this subsection earlier than one year
9 after the date on which the municipality first adopts the operating plan for the
10 neighborhood improvement district.

11 2. On and after the date on which a petition is filed under par. (a) 1. or 2., or
12 on and after the date on which a petition must be filed under par. (a) 3., neither the
13 board nor the municipality may enter into any new obligations by contract or
14 otherwise to implement the operating plan until the expiration of 30 days after the
15 date of the hearing under subd. 3. and unless the neighborhood improvement district
16 is not terminated under par. (c).

17 3. Within 30 days after the filing of a petition under par. (a) 1. or 2., the planning
18 commission shall hold a public hearing on the proposed termination. Within 30 days
19 after the deadline for filing a petition under par. (a) 3. passes, the planning
20 commission shall hold a public hearing on the proposed termination. Notice of the
21 hearing shall be published as a class 2 notice under ch. 985. Before publication, a
22 copy of the notice, together with a copy of a detail map showing the boundaries of the
23 neighborhood improvement district, shall be sent by certified mail to all owners of
24 real property within the neighborhood improvement district. The notice shall state
25 the boundaries of the neighborhood improvement district and shall indicate that

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1 copies of the operating plan are available from the planning commission on request
2 and are posted in the building in which the municipality's governing body regularly
3 holds its meetings.

4 4. Within 30 days after the date of the hearing under subd. 3., every owner of
5 property assessed under the operating plan may send written notice to the planning
6 commission indicating, if the owner signed a petition under par. (a) 1. or 2., that the
7 owner retracts the owner's request to terminate the neighborhood improvement
8 district, or, if the owner did not file or sign a petition under par. (a) 1. or 2., that the
9 owner requests termination of the neighborhood improvement district under par. (a)
10 1. or 2.

11 5. Within 30 days after the date of the hearing under subd. 3., every owner of
12 property assessed under the operating plan may send written notice to the planning
13 commission indicating, if the owner signed a petition under par. (a) 3., that the owner
14 retracts the owner's request to continue the neighborhood improvement district, or,
15 if the owner did not file or sign a petition under par. (a) 3., that the owner requests
16 continuation of the neighborhood improvement district under subd. 3.

17 (c) After the expiration of 30 days after the date of the hearing under par. (b)
18 3., and after adding any additions and subtracting any retractions under par. (b) 4.
19 and 5., the municipality shall terminate the neighborhood improvement district on
20 the date on which the obligation with the latest completion date entered into to
21 implement the operating plan expires if the owners who have signed the petition
22 requesting the termination of the neighborhood improvement district under par. (a)
23 1. or 2. constitute the required groups specified in par. (a) 1. or 2., or if an insufficient
24 representation of owners, as described under par. (a) 3., petition to continue the
25 neighborhood improvement district under par. (a) 3.

