2005 ASSEMBLY BILL 1008

February 10, 2006 – Introduced by Representatives DAVIS and FREESE, cosponsored by Senators ERPENBACH and SCHULTZ. Referred to Committee on Ways and Means.

1   AN ACT *to amend* 66.1105 (6) (e) 1. b.; and *to create* 66.1105 (6) (e) 1. e. of the

2   statutes; **relating to:** authorizing the city of Monroe to allocate positive tax

3   increments from one or more of its tax incremental financing districts to

4   another such district created by the city.

Analysis by the Legislative Reference Bureau

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.

Also under current law, once a TID has been created, the Department of Revenue 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 and 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 project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. Generally under current

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law, but subject to one exception, project costs are required to be expended within the boundaries of a TID.

The TIDs are required to terminate, under current law and with some exceptions, once these project costs are paid back. Under one of the exceptions, 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 (donee TID) that has been created by the planning commission.

Similar to the current law exception that allows a donor TID to allocate its positive tax increments to a donee TID if certain conditions are met, this bill authorizes the city of Monroe to transfer tax increments from one of its existing TIDs to its TID number 4 if the other current law requirements are met.

For further information see the ***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. 66.1105 (6) (e) 1. b. of the statutes is amended to read:

2   66.1105 **(6)** (e) 1. b. Except as provided in subd. 1. c. and e., the donor tax

3   incremental district and the recipient tax incremental district have been created

4   before October 1, 1995.

5   SECTION 2. 66.1105 (6) (e) 1. e. of the statutes is created to read:

6   66.1105 **(6)** (e) 1. e. With respect to a tax incremental district that has been

7   created by a 4th class city incorporated in 1882 that is located in the Pecatonica River

8   watershed, the recipient tax incremental district has been created before October 1,

9   1996, and the donor tax incremental district has been created before October 1, 2003.

10   **(END)**