



# State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

## RESEARCH APPENDIX -

**PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Appendix A ... Part 04 of 04

Date Transfer Requested: 01/23/2006 (Per: RCT)



The 2005 drafting file for  
LRB-1287 (transferred)  
LRB-1288 (transferred)  
LRB-1290 (transferred)  
LRB-1390 (transferred)  
where used to create ...

**LRB 05-3740**

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

**2005 DRAFTING REQUEST**

**Bill**

Received: 12/23/2004

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Carol Roessler (608) 266-5300

By/Representing: Karen

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Local Gov't - tax incr financing

Extra Copies: RCT

Submit via email: YES

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

Carbon copy (CC:) to:

---

**Pre Topic:**

No specific pre topic given

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**Topic:**

Environmental remediation tax incremental financing (ERTIF)

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**Instructions:**

See Attached. Based on 2003 LRB -3447/1, w/ attached changes

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**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 03/04/2005	lkunkel 03/11/2005		_____			S&L
/1			jfrantze 03/14/2005	_____	lnorthro 03/14/2005		

FE Sent For:

<END>

## 2005 DRAFTING REQUEST

### Bill

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### Topic:

Environmental remediation tax incremental financing (ERTIF) ✓

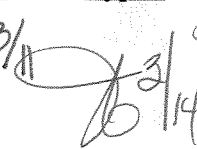

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### Instructions:

See Attached. Based on 2003 LRB -3447/1, w/ attached changes

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### 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>
1/?	mshovers	1 lmk 3/11	 3/14	 3/14			
1, NES	3/4/05						

FE Sent For:

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12-16-04

Becky,

Enclosed are brown field initiatives (some new - some old) that need to be drafted into one bill (package).

Please call me or Darsi Foss (7-6713) at DNR if you have any questions.

Thank you for your assistance!

Happy Holidays!

Karen Ashkinson  
Office of Senator  
Roessler

copy RCT

**Recommended Changes to Wisconsin Statutes  
By the Brownfields Study Group**

TOPIC	Draft Language	RECOMMENDATION	Agencies
<p>7. Modify the Environmental Remediation TIF statute, s. 66.1106, Stats.</p>	<p>LRB# 03-334711 <i>4</i></p>	<ul style="list-style-type: none"> <li>-include delinquent taxes as an eligible cost.</li> <li>-extend the ER TIF time period from 16 to 23 years</li> <li>-adopt the technical changes proposed by Revenue in the FY 2001-03 executive budget and AB 510.</li> <li>- makes changes retroactive to existing ER TIDs</li> </ul>	<p>DOR DNR</p>
<p>8. Language to clarify that certain inspection, engineering, repair and monitoring conditions placed on a property by the DNR, Commerce or DATCP at the completion of an environmental clean up are enforceable and run with the land once placed.</p>	<p>Not yet. Bill drafting language is attached.</p>	<ul style="list-style-type: none"> <li>- Clarify that the DNR, Commerce and DATCP have the authority to require that environmental conditions be placed on a property, in accordance with clean up rules and agency approvals.</li> <li>- Clarify that DNR can enforce that requirement.</li> <li>- Clarify that the deed restriction runs with the land.</li> <li>- Clarify they will be tracked in DNR's GIS Registry and that a fee is required to place the property on the Registry.</li> </ul>	<p>DATCP DNR Commerce</p>

*MES*

## 7. Modifications to the Environmental Remediation TIF - LRB 03-3447

The Brownfields Study Group's comments on the proposed changes to the Environmental Remediation Tax Incremental Financing law (s. 66.1106, Wis. Stats.) are listed below. These comments are in response to the bill draft prepared by the Legislative Reference Bureau, LRB-3447/1, and submitted in December of 2003, seeking Study Group clarification.

The questions in this memo were shared with both the Brownfields Study Group and the Department of Revenue. The Department of Revenue has prepared a memo with their response to the bill and the questions included in the LRB memo. The DOR memo dated September 27, 2004, from Dennis Collier has been shared with the Brownfields Study Group. The remainder of this memo summarizes the Brownfields Study Group's comments on the DOR memo, the LRB questions and the bill overall.

The Study Group has carefully reviewed the memo from DOR and agrees with all the comments and recommendations included in that memo, with one exception. The DOR memo addresses many of the issues included in the LRB letter, and includes additional recommendations on how to clarify and improve the law. The only comment from the DOR memo that the Brownfields Study Group did not agree with is their comment on Section 1, in which DOR opposes including cancellation of delinquent taxes as an eligible ER TIF cost.

The Study Group has consistently disagreed with DOR on this issue – it is DOR's position that the county is already reimbursed for those delinquent taxes through higher tax levies on other properties. The Study Group disagrees with DOR, particularly with respect to the fact that cities often reimburse counties at the time of acquisition of a tax delinquent property. The Study Group believes that cancellation of delinquent property taxes is an often appropriate (and not duplicative) cost for a brownfields project and should be eligible for inclusion as part of a ER-TIF project costs. The Study Group recommends that the amendment in 3447/1 in Section 1 should remain in the bill as written.

### Additional Changes to the Bill Draft

In addition to the changes in the DOR memo, the Study Group also recommends that the following phrase be removed from the definition of "eligible costs" in s. 66.1106(1)(c), Wis. Stats.:

*"incurred within 2 years after the date on which the department of natural resources certifies that the environmental pollution on the property has been remediated".*

Inclusion of this phrase is confusing and inaccurate because the ER-TIF law no longer requires that the DNR certify that the cleanup has been completed. Now the law requires that DNR certify that the Site Investigation (SI) and Remedial Action Plan (RAP) has been approved. Since the ER-TIF law allows for eligible costs to be incurred for 15 years after the ER-TIF is certified (which will occur after the DNR has approved the SI and the RAP) this should be sufficient time to incur all the remediation expenses including monitoring groundwater for natural attenuation. This language is no longer appropriate. It is our understanding that DOR does not have any concerns with this change.

### Response to the LRB Comments

The following section addresses the specific comments in the LRB December 5 letter.

1. LRB Comment: This bill is based on the ERTID provisions in 2003 AB 478, which was based on 2001 AB 510. This bill does include the substance of SA 1 to AB 510, as you requested, but I removed the substance of AA 1 to AB 510 (LRB a0699/3), although that amendment is part of AB 478, because you did not request that it be included in this bill.

No change made



The Study Group and the DOR were both unclear on the substance of the amendment referred to in this comment. Generally all appropriate changes to the bill that the Study Group or the DOR felt were necessary have been addressed here or in the DOR memo.

2. LRB Comment: The bill also contains a number of changes that you included in your drafting instructions that seem to be based on DOR's technical memo to 2003 AB 478.

*The Study Group has reviewed and is supportive of all the technical changes recommended by DOR to improve the functioning of ER-TIF that are included in this version of the bill and also supports the additional technical changes to the law included in DOR's Sept. 27 memo.*

3. LRB Comment: In its technical memo to AB 478, DOR suggested that the author of that bill consider adding a provision that would prohibit DOR from certifying the base value of an ERTID unless the required termination report on the termination of any other ERTID, that was created by that same political subdivision, is submitted to DOR. AB 478 contained that provision for TIF districts, but not for ERTIDs, and DOR thought that a similar provision should also apply to ERTIDs. Although this bill, obviously, does not contain any TID provisions, you may want to consider adding this provision anyway.

*It is the Study Group's understanding, based on information provided by DOR, that this provision would not prevent a local government from creating an ERTID if there is already one in place. This provision would only limit creation of a new ERTID if the termination report from an old ERTID that has terminated had not be submitted. Given this understanding, the Study Group is supportive of adding this type of provision to the bill. A provision should be added to this bill similar to the language in s. 66.1105(8)(d), Wis. Stats.*

4. LRB Comment: The sample draft you submitted did not contain an effective date, so I included the general effective date from 2001 AB 510, which I advanced to October 1, 2004. Is this OK?

*The Study Group is supportive of DOR's recommendation of a October 1, 2005 effective date.*

5. LRB Comment: You may want DOR to review the initial applicability and effective date sections of this draft. Making the changes in the bill apply retroactively to ERTIDs that are in existence on the effective date of the bill may cause some problems for existing ERTIDs, and DOR may suggest a different initial applicability provision.

*It is the Study Group's understanding, based on discussions with DOR staff at a September 14, 2004 Study Group subgroup meeting, that as currently drafted, all the provisions in the bill would apply to both ER TIDs in existence and those that will be created in the future. DOR did not identify any problems that would be caused to the functioning of existing ER TIDs by applying all the changes to existing ER TIDs. Therefore, the Study Group does not recommend any additional changes to address this concern beyond supporting the effective date of Oct 1, 2005.*

**New Bill Draft: Enforceability of Environmental Response Maintenance, Monitoring and Inspection Requirements post-State Agency Clean-up Approval (this is in lieu of adopting the State Uniform Environmental Covenants Act)**

Nearly everywhere in the United States, including Wisconsin, state and local governments are struggling to deal with the problem of brownfields – vacant, abandoned or underused properties with varying degrees of environmental contamination. Reclaiming these properties for beneficial uses can be very difficult and expensive. Total cleanup, if possible, would often cost much more than the market value of the property. However, if a legal mechanism can be developed for long-

Duplicate page

*The Study Group and the DOR were both unclear on the substance of the amendment referred to in this comment. Generally all appropriate changes to the bill that the Study Group or the DOR felt were necessary have been addressed here or in the DOR memo.*

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*The Study Group has reviewed and is supportive of all the technical changes recommended by DOR to improve the functioning of ER-TIF that are included in this version of the bill and also supports the additional technical changes to the law included in DOR's Sept. 27 memo.*

3. LRB Comment: In its technical memo to AB 478, DOR suggested that the author of that bill consider adding a provision that would prohibit DOR from certifying the base value of an ERTID unless the required termination report on the termination of any other ERTID, that was created by that same political subdivision, is submitted to DOR. AB 478 contained that provision for TIF districts, but not for ERTIDs, and DOR thought that a similar provision should also apply to ERTIDs. Although this bill, obviously, does not contain any TID provisions, you may want to consider adding this provision anyway.

*It is the Study Group's understanding, based on information provided by DOR, that this provision would not prevent a local government from creating an ERTID if there is already one in place. This provision would only limit creation of a new ERTID if the termination report from an old ERTID that has terminated had not be submitted. Given this understanding, the Study Group is supportive of adding this type of provision to the bill. A provision should be added to this bill similar to the language in s. 66.1105(8)(d), Wis. Stats.*

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State of Wisconsin • DEPARTMENT OF REVENUE

DIVISION OF RESEARCH AND POLICY

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PHONE (608) 266-2700 • FAX (608) 266-8704

• http://www.dor.state.wi.us

MEMORANDUM

September 27, 2004

TO: Members, Brownfields Study Group
FROM: Dennis Collier
SUBJECT: Comments on LRB 3447/1 – Environmental Remediation TIF

Staff at the Department of Revenue have reviewed LRB 3447/1, draft legislative language relating to modifications in the environmental remediation (ER) tax incremental financing (TIF) statutes, and have comments on the following bill sections (comments have been updated since this memo was distributed at the study group's September 14 meeting):

did not do, per study group's instructions

Section 1: We continue to have concerns about including cancellation of delinquent taxes as an eligible cost. We feel that this provision makes it too easy for political subdivisions to cancel delinquent taxes.

Section 6: The lengthening of the period of certification from 16 to 23 years would apply to all ER tax incremental districts (TID), not just those created after enactment of the bill. We believe that this is what is intended.

Section 8: We recommend that, for clarity, proposed sec. 66.1106 (1m), Wis. Stats., read as follows:

Yes, but this is in sub. (1m)(b)

66.1106 (1m)(a) Creates the district as of January 1 of the same calendar year for a resolution adopted before October 1 or as of January of the subsequent calendar year for a resolution adopted after September 30.

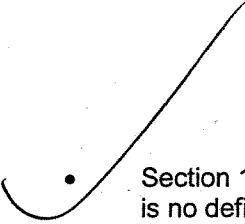
This is the same language that was used in 2003 Wisconsin Act 231, for town TIF [sec. 60.85 (3)(h), Wis. Stats.].

Section 10: Also for clarity, we suggest that the amendment to sec. 66.1106 (4), Wis. Stats., read as follows:

December 31 of the same calendar year for an environmental remediation tax incremental district created before October 1, as determined under sub. (1m) (b), or December of the subsequent calendar year for an environmental remediation tax incremental district created after September 30

added in CA; 66.1106(13)(b)

Section 10: Sec. 66.1106(4), Wis. Stats., should be further amended to authorize the Department of Revenue to impose a \$1,000 fee for determination or redetermination of the tax incremental base.



- Section 18: This section requires a final accounting of "project expenditures", but there is no definition of that term. We suggest "project expenditures" be defined [in sec. 66.1106 (1), Wist. Stats.] to include "eligible costs" plus other costs a political subdivision incurs to create and operate an ER TID.
- Section 21: This section should be eliminated since sec. 66.1106(13), Wis. Stats., which it creates, has already been enacted in 2003 Wisconsin Act 126.
- Section 32: The effective date of the act should be October 1, 2005.

*F.A.M. & added (1) par. (b) - see previous page*

If you have any questions about these comments, please contact me at 266-5773.

DC:skr  
T:\memo\dc\2004\lrb3447 comments.doc

## **Issue: Modify Environmental Remediation Tax Incremental Financing (ER TIF) District**

### ***Background***

The State of Wisconsin created the Environmental Remediation Tax Incremental Financing district (ER TIF), a new type of TIF district, in the 1997-99 State Biennial Budget. Based on recommendations from the 1998 Brownfields Study Group, the ER TIF was modified in the 1999-2001 Biennial Budget in order to make the ER TIF a more useful tool for financing brownfields projects.

The ER TIF allows political subdivisions to pay for specific environmental expenses from the increased property taxes generated from the redeveloped property. Eligible costs include remediation, property acquisition, demolition, underground tank removal, investigation, monitoring and restoration of soil, surface water, groundwater and more.

### ***Proposal***

To date not many local governments have utilized the ER TIF. In order to strengthen the law and encourage its use, the Study Group would like to propose the following modifications to further improve the ER TIF:

- include delinquent taxes as an eligible cost;
- extend the ER TIF period of certification from 16 to 23 years; and
- support the Department of Revenue's (DOR) technical changes, which include:
  - creating a definition of "environmental remediation tax incremental district" that is somewhat similar to the definition of "tax incremental district" under the TIF program;
  - making changes to the definitions of "environmental remediation tax increment", "environmental remediation tax incremental base", and "taxable property"; and
  - modifying certain provisions of the program to apply to contiguous parcels of property or land, as well as a parcel of property or land.

### ***Type of Change***

Statutory

### ***Resources***

None

### ***Comments***

Department of Revenue Comments: the department has some concerns about allowing delinquent taxes as an eligible cost in ER TIF districts. Many properties have languished with mounting delinquent tax bills because the county or city entity has not initiated tax deed or foreclosure actions. Current statutory authority exists to write-off or reduce delinquent taxes in order to promote development of contaminated property. If this proposal moves forward, serious consideration should be given to limiting the amount of delinquent taxes that can be deemed as an eligible cost for the ER TIF district.

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

LRB-3447/1dn  
MES:cjs:rs

December 5, 2003

Senator Roessler:

This bill is based on the ERTID provisions in 2003 AB 478, which was based on 2001 AB 510. This bill does include the substance of SA 1 to AB 510, as you requested, but I removed the substance of AA 1 to AB 510 (LRB a0699/3), although that amendment is part of AB 478, because you did not request that it be included in this bill. The bill also contains a number of changes that you included in your drafting instructions that seem to be based on DOR's technical memo to 2003 AB 478.

In its technical memo to AB 478, DOR suggested that the author of that bill consider adding a provision that would prohibit DOR from certifying the base value of an ERTID unless the required termination report on the termination of any other ERTID, that was created by that same political subdivision, is submitted to DOR. AB 478 contained that provision for TIF districts, but not for ERTIDs, and DOR thought that a similar provision should also apply to ERTIDs. Although this bill, obviously, does not contain any TID provisions, you may want to consider adding this provision anyway.

The sample draft you submitted did not contain an effective date, so I included the general effective date from 2001 AB 510, which I advanced to October 1, 2004. Is this OK? You may want DOR to review the initial applicability and effective date sections of this draft. Making the changes in the bill apply retroactively to ERTIDs that are in existence on the effective date of the bill may cause some problems for existing ERTIDs, and DOR may suggest a different initial applicability provision.

Please let me know if you'd like any changes made to this bill.

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

**2003 BILL**

1 AN ACT *to amend* 66.1106 (1) (c), 66.1106 (1) (e), 66.1106 (1) (f), 66.1106 (1) (g),  
2 66.1106 (1) (i), 66.1106 (1) (k), 66.1106 (2) (a), 66.1106 (4) (intro.), 66.1106 (4) (b),  
3 66.1106 (7) (a), 66.1106 (7) (d) 1., 66.1106 (9), 66.1106 (10) (a), 66.1106 (10) (b),  
4 74.23 (1) (b), 74.25 (1) (b) 1., 74.25 (1) (b) 2., 74.30 (1) (i), 74.30 (1) (j), 74.30 (2)  
5 (b), 79.095 (1) (c), 79.095 (2) (b) and 234.01 (4n) (a) 3m. a.; and *to create* 66.1106  
6 (1) (fm), 66.1106 (1m), 66.1106 (10) (c), 66.1106 (10) (d), 66.1106 (11), 66.1106  
7 (12) and 66.1106 (13) of the statutes; **relating to:** modifying the environmental  
8 remediation tax incremental financing program.

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***Analysis by the Legislative Reference Bureau***

This bill modifies the environmental remediation tax incremental financing program. Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that are eligible for remediation is very similar to the mechanism under the tax incremental financing (TIF) program. If the remediated property is transferred to another person and is then subject to property taxation, environmental remediation tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation.

**BILL**

A political subdivision that has incurred "eligible costs" to remediate environmental pollution on a parcel of property may apply to the Department of Revenue (DOR) to certify the "environmental remediation tax incremental base" of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by the Department of Natural Resources (DNR) that contains cost estimates for anticipated eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that it has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an "environmental remediation tax increment"; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated.

This bill makes technical changes to the environmental remediation tax incremental financing program. These changes include the following:

1. Creating a definition of "environmental remediation tax incremental district" (ERTID) that is somewhat similar to the definition of "tax incremental district" under the TIF program.
2. Making changes to the definitions of "environmental remediation tax increment," "environmental remediation tax incremental base," "period of certification," and "taxable property." The bill increases the period of certification, and an ERTID's maximum life, from 16 to 23 years.
3. Adding to the definition of "eligible costs" the cancellation of unrecovered delinquent property taxes.
4. Creating procedures for the termination of an ERTID that are similar to the termination procedures for a tax incremental district under the TIF program.
5. Requiring that the final report under the program include an independent certified financial audit.
6. Requiring that DOR be provided with a final accounting of the ERTID's project expenditures and the final amount of eligible costs that have been paid for an ERTID.
7. Modifying certain provisions of the program to apply to contiguous parcels of property or land, as well as a parcel of property or land.

Also under the bill, if a city or village annexes property from a town that is using an ERTID to remediate environmental pollution on all or part of the territory that is annexed, the city or village must pay to the town that portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, must negotiate an agreement on the amount that must be paid.

This bill takes effect on October 1, 2004, and first applies to an ERTID that is in existence or that is created on that date.



**BILL**

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

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

1           SECTION 1. 66.1106 (1) (c) of the statutes is amended to read:  
2           66.1106 (1) (c) "Eligible costs" means capital costs, financing costs and  
3 administrative and professional service costs, incurred or estimated to be incurred  
4 by a political subdivision, for the investigation, removal, containment or monitoring  
5 of, or the restoration of soil, air, surface water, sediments or groundwater affected by,  
6 environmental pollution, including monitoring costs incurred within 2 years after  
7 the date on which the department of natural resources certifies that environmental  
8 pollution on the property has been remediated, cancellation of delinquent taxes if the  
9 political subdivision demonstrates that it has not already recovered such costs by  
10 any other means. property acquisition costs, demolition costs including asbestos  
11 removal, and removing and disposing of underground storage tanks or abandoned  
12 containers, as defined in s. 292.41 (1), except that for any parcel of land "eligible  
13 costs" shall be reduced by any amounts received from persons responsible for the  
14 discharge, as defined in s. 292.01 (3), of a hazardous substance on the property to pay  
15 for the costs of remediating environmental pollution on the property, by any amounts  
16 received, or reasonably expected by the political subdivision to be received, from a  
17 local, state or federal program for the remediation of contamination in the district  
18 that do not require reimbursement or repayment and by the amount of net gain from  
19 the sale of the property by the political subdivision. "Eligible costs" associated with  
20 groundwater affected by environmental pollution include investigation and

**BILL**

1 remediation costs for groundwater that is located in, and extends beyond, the  
2 property that is being remediated.

3 **SECTION 2.** 66.1106 (1) (e) of the statutes is amended to read:

4 66.1106 (1) (e) "Environmental remediation tax increment" means that  
5 amount obtained by multiplying the total city, county, school and other local general  
6 property taxes levied on ~~a parcel of real property that is certified under this section~~  
7 taxable property in a year by a fraction having as a numerator the environmental  
8 remediation value increment for that year ~~for that parcel in such district~~ and as a  
9 denominator that year's equalized value of that ~~parcel~~ taxable property. In any year,  
10 an environmental remediation tax increment is "positive" if the environmental  
11 remediation value increment is positive; it is "negative" if the environmental  
12 remediation value increment is negative.

13 **SECTION 3.** 66.1106 (1) (f) of the statutes is amended to read:

14 66.1106 (1) (f) "Environmental remediation tax incremental base" means the  
15 aggregate value, as equalized by the department, of ~~a parcel of real~~ taxable property  
16 that is certified under this section as of the January 1 preceding the date on which  
17 ~~the department of natural resources issues a certificate certifying that~~  
18 ~~environmental pollution on the property has been remediated in accordance with~~  
19 ~~rules promulgated by the department of natural resources~~ environmental  
20 remediation tax incremental district is created, as determined under sub. (1m) (b).

21 **SECTION 4.** 66.1106 (1) (fm) of the statutes is created to read:

22 66.1106 (1) (fm) "Environmental remediation tax incremental district" means  
23 a contiguous geographic area within a political subdivision defined and created by  
24 resolution of the governing body of the political subdivision consisting solely of whole  
25 units of property as are assessed for general property tax purposes, other than

**BILL**

1 railroad rights-of-way, rivers, or highways. Railroad rights-of-way, rivers, or  
2 highways may be included in an environmental remediation tax incremental district  
3 only if they are continuously bounded on either side, or on both sides, by whole units  
4 of property as are assessed for general property tax purposes which are in the  
5 environmental remediation tax incremental district. "Environmental remediation  
6 tax incremental district" does not include any area identified as a wetland on a map  
7 under s. 23.32.

8 **SECTION 5.** 66.1106 (1) (g) of the statutes is amended to read:

9 66.1106 (1) (g) "Environmental remediation value increment" means the  
10 equalized value of a ~~parcel of real~~ taxable property that is certified under this section  
11 minus the environmental remediation tax incremental base. In any year, the  
12 environmental remediation value increment is "positive" if the environmental  
13 remediation tax incremental base of the ~~parcel of~~ taxable property is less than the  
14 aggregate value of the ~~parcel of~~ taxable property as equalized by the department; it  
15 is "negative" if that base exceeds that aggregate value.

16 **SECTION 6.** 66.1106 (1) (i) of the statutes is amended to read:

17 66.1106 (1) (i) "Period of certification" means a period of not more than ~~16~~ 23  
18 years beginning after the department certifies the environmental remediation tax  
19 incremental base of a ~~parcel of property~~ under sub. (4) or a period before all eligible  
20 costs have been paid, whichever occurs first.

21 **SECTION 7.** 66.1106 (1) (k) of the statutes is amended to read:

22 66.1106 (1) (k) "Taxable property" means all real and personal taxable property  
23 located in an environmental remediation tax incremental district.

24 **SECTION 8.** 66.1106 (1m) of the statutes is created to read:

**BILL**

1           **66.1106 (1m) CREATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL**  
2     DISTRICTS. In order to implement the provisions of this section, the governing body  
3     of the political subdivision shall adopt a resolution which does all of the following:

4           (a) Describes the boundaries of an environmental remediation tax incremental  
5     district with sufficient definiteness to identify with ordinary and reasonable  
6     certainty the territory included within the district.

7           (b) Creates such district as of a date therein provided. If the resolution is  
8     adopted during the period between January 2 and September 30, then such date  
9     shall be the next preceding January 1. If such resolution is adopted during the period  
10    between October 1 and December 31, then such date shall be the next subsequent  
11    January 1. If the resolution is adopted on January 1, the environmental remediation  
12    tax incremental district shall be created as of the date of the resolution.

13           **SECTION 9.** 66.1106 (2) (a) of the statutes is amended to read:

14           66.1106 (2) (a) A political subdivision that develops, and whose governing body  
15     approves, a written proposal to remediate environmental pollution may use an  
16     environmental remediation tax increment to pay the eligible costs of remediating  
17     environmental pollution on contiguous parcels of property that are located in an  
18     environmental remediation tax incremental district within the political subdivision  
19     and that are not part of a tax incremental district created under s. 66.1105, as  
20     provided in this section, except that a political subdivision may use an  
21     environmental remediation tax increment to pay the cost of remediating  
22     environmental pollution of groundwater without regard to whether the property  
23     above the groundwater is owned by the political subdivision. No political subdivision  
24     may submit an application to the department under sub. (4) until the joint review  
25     board approves the political subdivision's written proposal under sub. (3).

## BILL

1           SECTION 10. 66.1106 (4) (intro.) of the statutes is amended to read:

2           66.1106 (4) CERTIFICATION. (intro.) Upon written application to the department  
3 of revenue by the clerk of a political subdivision on or before ~~April 1 of the year~~  
4 ~~following the year in which the certification described in par. (a) is received from the~~  
5 ~~department of natural resources~~ December 31 of the year the environmental  
6 remediation tax incremental district is created, as determined under sub. (1m) (b).  
7 except that if the environmental remediation tax incremental district is created  
8 during the period between October 1 and December 31, on or before December 31 of  
9 the following year, the department of revenue shall certify to the clerk of the political  
10 subdivision the environmental remediation tax incremental base of a ~~parcel of real~~  
11 ~~property~~ if all of the following apply:

12           SECTION 11. 66.1106 (4) (b) of the statutes is amended to read:

13           66.1106 (4) (b) The political subdivision submits a statement that all taxing  
14 jurisdictions with the authority to levy general property taxes on the parcel or  
15 contiguous parcels of property have been notified that the political subdivision  
16 intends to recover the costs of remediating environmental pollution on the property  
17 and have been provided a statement of the estimated costs to be recovered.

18           SECTION 12. 66.1106 (7) (a) of the statutes is amended to read:

19           66.1106 (7) (a) Subject to pars. (b), (c) and (d), the department shall annually  
20 authorize the positive environmental remediation tax increment with respect to a  
21 parcel or contiguous parcels of property during the period of certification to the  
22 political subdivision that incurred the costs to remediate environmental pollution on  
23 the property, except that an authorization granted under this paragraph does not  
24 apply after the department receives the notice described under sub. (10) (b).

25           SECTION 13. 66.1106 (7) (d) 1. of the statutes is amended to read:

**BILL**

1           66.1106 (7) (d) 1. The department may not authorize a positive environmental  
2           remediation tax increment under par. (a) to pay otherwise eligible costs that are  
3           incurred by the political subdivision after the department of natural resources  
4           certifies to the department of revenue that environmental pollution on the parcel or  
5           contiguous parcels of property has been remediated unless the costs are associated  
6           with activities, as determined by the department of natural resources, that are  
7           necessary to close the site described in the site investigation report.

8           **SECTION 14.** 66.1106 (9) of the statutes is amended to read:

9           66.1106 (9) **SEPARATE ACCOUNTING REQUIRED.** An environmental remediation tax  
10          increment received with respect to a parcel or contiguous parcels of land that is  
11          subject to this section shall be deposited in a separate fund by the treasurer of the  
12          political subdivision. No money may be paid out of the fund except to pay eligible  
13          costs for a parcel or contiguous parcels of land, or to reimburse the political  
14          subdivision for such costs ~~or to satisfy claims of holders of bonds or notes issued to~~  
15          ~~pay eligible costs.~~ If an environmental remediation tax increment that has been  
16          collected with respect to a parcel of land remains in the fund after the period of  
17          certification has expired, it shall be paid to the treasurers of the taxing jurisdictions  
18          in which the parcel is located in proportion to the relative share of those taxing  
19          jurisdictions in the most recent levy of general property taxes on the parcel.

20          **SECTION 15.** 66.1106 (10) (a) of the statutes is amended to read:

21          66.1106 (10) (a) Prepare and make available to the public updated annual  
22          reports describing the status of all projects to remediate environmental pollution  
23          funded under this section, including revenues and expenditures. A copy of the report  
24          shall be sent to all taxing jurisdictions with authority to levy general property taxes  
25          on the parcel or contiguous parcels of property by May 1 annually.



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1           **SECTION 16.** 66.1106 (10) (b) of the statutes is amended to read:

2           66.1106 (10) (b) Notify the department within 10 days after the period of  
3 certification for a parcel or contiguous parcels of property has expired.

4           **SECTION 17.** 66.1106 (10) (c) of the statutes is created to read:

5           66.1106 (10) (c) With regard to an environmental remediation tax incremental  
6 district, not later than 12 months after the last expenditure is made or not later than  
7 12 months after an expenditure may be made under sub. (2) (b), whichever comes  
8 first, prepare and make available to the public a report that is similar to the report  
9 required under par. (a), except that the report required under this paragraph shall  
10 also include an independent certified audit of the project to determine if all financial  
11 transactions were made in a legal manner and to determine if the environmental  
12 remediation tax incremental district complied with this section. A copy of the report  
13 shall be sent out to all taxing jurisdictions which received the reports under par. (a).

14           **SECTION 18.** 66.1106 (10) (d) of the statutes is created to read:

15           66.1106 (10) (d) Not later than 180 days after an environmental remediation  
16 tax incremental district terminates under sub. (11), provide the department with all  
17 of the following on a form that is prescribed by the department:

18           1. A final accounting of project expenditures that are made for the  
19 environmental remediation tax incremental district.

20           2. The final amount of eligible costs that have been paid for the environmental  
21 remediation tax incremental district.

22           3. The total amount of environmental remediation tax increments that have  
23 been paid to the political subdivision.

24           **SECTION 19.** 66.1106 (11) of the statutes is created to read:

**BILL**

1           66.1106 (11) TERMINATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL  
2 DISTRICTS. An environmental remediation tax incremental district terminates when  
3 the earliest of the following occurs:

4           (a) The political subdivision has received aggregate environmental  
5 remediation tax increments with respect to the district in an amount equal to the  
6 aggregate of all eligible costs.

7           (b) Twenty-three years after the department certifies the environmental  
8 remediation tax incremental base of a parcel or contiguous parcels of property under  
9 sub. (4).

10           (c) The political subdivision's legislative body, by resolution, dissolves the  
11 district. Upon dissolving the district, the political subdivision becomes liable for all  
12 unpaid eligible costs actually incurred which are not paid from the separate fund  
13 under sub. (9).

14           **SECTION 20.** 66.1106 (12) of the statutes is created to read:

15           66.1106 (12) (a) NOTICE OF DISTRICT TERMINATION. A political subdivision that  
16 creates an environmental remediation tax incremental district under this section  
17 shall give the department written notice within 10 days of the termination of the  
18 environmental remediation tax incremental district under sub. (11).

19           (b) If the department receives a notice under par. (a) during the period from  
20 January 1 to May 15, the effective date of the notice is the date the notice is received.  
21 If the notice is received during the period from May 16 to December 31, the effective  
22 date of the notice is the first January 1 after the department receives the notice.

23           **SECTION 21.** 66.1106 (13) of the statutes is created to read:

24           66.1106 (13) PAYMENT OF ELIGIBLE COSTS FOR ANNEXED TERRITORY. If a city or  
25 village annexes territory from a town and if the town is using an environmental

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1 remediation tax increment to remediate environmental pollution on all or part of the  
2 territory that is annexed, the city or village shall pay to the town that portion of the  
3 eligible costs that are attributable to the annexed territory. The city or village, and  
4 the town, shall negotiate an agreement on the amount that must be paid under this  
5 subsection.

6 **SECTION 22.** 74.23 (1) (b) of the statutes is amended to read:

7 74.23 (1) (b) *General property taxes.* After making the distribution under par.  
8 (a), the taxation district treasurer shall pay to each taxing jurisdiction within the  
9 district its proportionate share of general property taxes, except that the treasurer  
10 shall pay the state's proportionate share to the county. As part of that distribution,  
11 the taxation district treasurer shall retain for the taxation district and for each tax  
12 incremental district within the taxation district and each environmental  
13 remediation tax incremental district created by the taxation district its  
14 proportionate share of general property taxes. The taxation district treasurer shall  
15 also distribute to the county the proportionate share of general property taxes for  
16 each environmental remediation tax incremental district created by the county.

17 **SECTION 23.** 74.25 (1) (b) 1. of the statutes is amended to read:

18 74.25 (1) (b) 1. Pay in full to each taxing jurisdiction within the district all  
19 personal property taxes included in the tax roll which have not previously been paid  
20 to, or retained by, that taxing jurisdiction, except that the treasurer shall pay the  
21 state's proportionate share to the county. As part of that distribution, the taxation  
22 district treasurer shall allocate to each tax incremental district within the taxation  
23 district and each environmental remediation tax incremental district created by the  
24 taxation district its proportionate share of personal property taxes. The taxation  
25 district treasurer shall also distribute to the county the proportionate share of

## BILL

1 personal property taxes for each environmental remediation tax incremental district  
2 created by the county.

3 SECTION 24. 74.25 (1) (b) 2. of the statutes is amended to read:

4 74.25 (1) (b) 2. Pay to each taxing jurisdiction within the district its  
5 proportionate share of real property taxes, except that the treasurer shall pay the  
6 state's proportionate share to the county. As part of that distribution, the taxation  
7 district treasurer shall retain for the taxation district and for each tax incremental  
8 district within the taxation district and each environmental remediation tax  
9 incremental district created by the taxation district its proportionate share of real  
10 property taxes. The taxation district treasurer shall also distribute to the county the  
11 proportionate share of real property taxes for each environmental remediation tax  
12 incremental district created by the county.

13 SECTION 25. 74.30 (1) (i) of the statutes is amended to read:

14 74.30 (1) (i) Pay in full to each taxing jurisdiction within the district all  
15 personal property taxes included in the tax roll which have not previously been paid  
16 to, or retained by, each taxing jurisdiction, except that the treasurer shall pay the  
17 state's proportionate share to the county. As part of that distribution, the taxation  
18 district treasurer shall allocate to each tax incremental district within the taxation  
19 district and each environmental remediation tax incremental district created by the  
20 taxation district its proportionate share of personal property taxes. The taxation  
21 district treasurer shall also distribute to the county the proportionate share of  
22 personal property taxes for each environmental remediation tax incremental district  
23 created by the county.

24 SECTION 26. 74.30 (1) (j) of the statutes is amended to read:

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1           74.30 (1) (j) Pay to each taxing jurisdiction within the district its proportionate  
2 share of real property taxes, except that the treasurer shall pay the state's  
3 proportionate share to the county. As part of that distribution, the taxation district  
4 treasurer shall retain for the taxation district and for each tax incremental district  
5 within the taxation district and each environmental remediation tax incremental  
6 district created by the taxation district its proportionate share of real property taxes.  
7 The taxation district treasurer shall also distribute to the county the proportionate  
8 share of real property taxes for each environmental remediation tax incremental  
9 district created by the county.

10           **SECTION 27.** 74.30 (2) (b) of the statutes is amended to read:

11           74.30 (2) (b) Pay to each taxing jurisdiction within the district its proportionate  
12 share of real property taxes collected, except that the taxation district treasurer shall  
13 pay the state's proportionate share to the county, and the county treasurer shall  
14 settle for that share under s. 74.29. As part of that distribution, the taxation district  
15 treasurer shall retain for the taxation district and for each tax incremental district  
16 within the taxation district and each environmental remediation tax incremental  
17 district created by the taxation district its proportionate share of real property taxes.  
18 The taxation district treasurer shall also distribute to the county the proportionate  
19 share of real property taxes for each environmental remediation tax incremental  
20 district created by the county.

21           **SECTION 28.** 79.095 (1) (c) of the statutes is amended to read:

22           79.095 (1) (c) "Taxing jurisdiction" means a municipality, county, school  
23 district, special purpose district, tax incremental district, environmental  
24 remediation tax incremental district, or technical college district.

25           **SECTION 29.** 79.095 (2) (b) of the statutes is amended to read:





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1 AN ACT *to amend* 66.1106 (1) (c), 66.1106 (1) (e), 66.1106 (1) (f), 66.1106 (1) (g),  
2 66.1106 (1) (i), 66.1106 (1) (k), 66.1106 (2) (a), 66.1106 (4) (intro.), 66.1106 (4) (b),  
3 66.1106 (7) (a), 66.1106 (7) (d) 1., 66.1106 (9), 66.1106 (10) (a), 66.1106 (10) (b),  
4 74.23 (1) (b), 74.25 (1) (b) 1., 74.25 (1) (b) 2., 74.30 (1) (i), 74.30 (1) (j), 74.30 (2)  
5 (b), 79.095 (1) (c), 79.095 (2) (b) and 234.01 (4n) (a) 3m. a.; and *to create* 66.1106  
6 (1) (fm), 66.1106 (1m), 66.1106 (10) (c), 66.1106 (10) (d), 66.1106 (11), 66.1106  
7 (12) and 66.1106 (13) of the statutes; **relating to:** modifying the environmental  
8 remediation tax incremental financing program. ✓

***Analysis by the Legislative Reference Bureau***

This bill modifies the environmental remediation tax incremental financing program. Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that are eligible for remediation is very similar to the mechanism under the tax incremental financing (TIF) program. If the remediated property is transferred to another person and is then subject to property taxation, environmental remediation tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation. ✓

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A political subdivision that has incurred "eligible costs" to remediate environmental pollution on a parcel of property may apply to the Department of Revenue (DOR) to certify the "environmental remediation tax incremental base" of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by the Department of Natural Resources (DNR) that contains cost estimates for anticipated eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that it has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an "environmental remediation tax increment"; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated.

*subdivision in creating an ERTID*

This bill makes technical changes to the environmental remediation tax incremental financing program. These changes include the following:

1. Creating a definition of "environmental remediation tax incremental district" (ERTID) that is somewhat similar to the definition of "tax incremental district" under the TIF program.

*and creating a definition of "project expenditures" which means "eligible costs" and other costs incurred by a political subdivision*

2. Making changes to the definitions of "environmental remediation tax increment," "environmental remediation tax incremental base," "period of certification," and "taxable property." The bill increases the period of certification, and an ERTID's maximum life, from 16 to 23 years.

3. Adding to the definition of "eligible costs" the cancellation of unrecovered delinquent property taxes.

4. Creating procedures for the termination of an ERTID that are similar to the termination procedures for a tax incremental district under the TIF program.

5. Requiring that the final report under the program include an independent certified financial audit.

6. Requiring that DOR be provided with a final accounting of the ERTID's project expenditures and the final amount of eligible costs that have been paid for an ERTID.

7. Modifying certain provisions of the program to apply to contiguous parcels of property or land, as well as a parcel of property or land.

*9. Authorizing DOR to charge a \$1,000 fee to determine or*

Also under the bill, if a city or village annexes property from a town that is using an ERTID to remediate environmental pollution on all or part of the territory that is annexed, the city or village must pay to the town that portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, must negotiate an agreement on the amount that must be paid.

This bill takes effect on October 1, 2004, and first applies to an ERTID that is in existence or that is created on that date.

*redetermine the tax incremental base of an ERTID*

*Prohibiting DOR from certifying the environmental remediation tax incremental base of an ERTID if a political subdivision does not send DOR certain required forms within 180 days of the ERTID's termination.*

**BILL**

✓ 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.** 66.1106 (1) <sup>✓</sup>(c) of the statutes is amended to read:

2           66.1106 (1) (c) “Eligible costs” means capital costs, financing costs, and

3           administrative and professional service costs, incurred or estimated to be incurred

4           by a political subdivision, for the investigation, removal, containment, or monitoring

5           of, or the restoration of soil, air, surface water, sediments, or groundwater affected by,

6           environmental pollution, including monitoring costs ~~incurred within 2 years after~~

7           ~~the date on which the department of natural resources certifies that environmental~~

8           ~~pollution on the property has been remediated,~~ <sup>strike</sup> cancellation of delinquent taxes if the

9           political subdivision demonstrates that it has not already recovered such costs by

10          any other means, ✓ property acquisition costs, demolition costs including asbestos

11          removal, and removing and disposing of underground storage tanks or abandoned

12          containers, as defined in s. 292.41 (1), ~~except that for~~ <sup>FOF</sup> any parcel of land “eligible

13          costs” shall be reduced by any amounts received from persons responsible for the

14          discharge, as defined in s. 292.01 (3), of a hazardous substance on the property to pay

15          for the costs of remediating environmental pollution on the property, by any amounts

16          received, or reasonably expected by the political subdivision to be received, from a

17          local, state, or federal program for the remediation of contamination in the district

18          that do not require reimbursement or repayment, and by the amount of net gain from

19          the sale of the property by the political subdivision. “Eligible costs” associated with

20          groundwater affected by environmental pollution include investigation and

**BILL**

1 remediation costs for groundwater that is located in, and extends beyond, the  
2 property that is being remediated.

3 **SECTION 2.** 66.1106 (1) (e) of the statutes is amended to read:

4 66.1106 (1) (e) “Environmental remediation tax increment” means that  
5 amount obtained by multiplying the total city, county, school, and other local general  
6 property taxes levied on a parcel of real property that is certified under this section  
7 taxable property in a year by a fraction having as a numerator the environmental  
8 remediation value increment for that year for that parcel in such district and as a  
9 denominator that year’s equalized value of that parcel taxable property. In any year,  
10 an environmental remediation tax increment is “positive” if the environmental  
11 remediation value increment is positive; it is “negative” if the environmental  
12 remediation value increment is negative. ✓

13 **SECTION 3.** 66.1106 (1) (f) of the statutes is amended to read:

14 66.1106 (1) (f) “Environmental remediation tax incremental base” means the  
15 aggregate value, as equalized by the department, of a parcel of real taxable property  
16 that is certified under this section as of the January 1 preceding the date on which  
17 the department of natural resources issues a certificate certifying that  
18 environmental pollution on the property has been remediated in accordance with  
19 rules promulgated by the department of natural resources environmental  
20 remediation tax incremental district is created, as determined under sub. (1m) (b). ✓

21 **SECTION 4.** 66.1106 (1) (fm) of the statutes is created to read:

22 66.1106 (1) (fm) “Environmental remediation tax incremental district” means  
23 a contiguous geographic area within a political subdivision defined and created by  
24 resolution of the governing body of the political subdivision consisting solely of whole  
25 units of property as are assessed for general property tax purposes, other than

**BILL**

1 railroad rights-of-way, rivers, or highways. Railroad rights-of-way, rivers, or  
 2 highways may be included in an environmental remediation tax incremental district  
 3 only if they are continuously bounded on either side, or on both sides, by whole units  
 4 of property as are assessed for general property tax purposes which are in the  
 5 environmental remediation tax incremental district. "Environmental remediation  
 6 tax incremental district" does not include any area identified as a wetland on a map  
 7 under s. 23.32.

8 **SECTION 5.** 66.1106 (1) (g) of the statutes is amended to read:

9 66.1106 (1) (g) "Environmental remediation value increment" means the  
 10 equalized value of a parcel of real taxable property that is certified under this section  
 11 minus the environmental remediation tax incremental base. In any year, the  
 12 environmental remediation value increment is "positive" if the environmental  
 13 remediation tax incremental base of the parcel of taxable property is less than the  
 14 aggregate value of the parcel of taxable property as equalized by the department; it  
 15 is "negative" if that base exceeds that aggregate value.

16 **SECTION 6.** 66.1106 (1) (i) of the statutes is amended to read:

17 66.1106 (1) (i) "Period of certification" means a period of not more than 16 23  
 18 years beginning after the department certifies the environmental remediation tax  
 19 incremental base of a parcel of property under sub. (4) or a period before all eligible  
 20 costs have been paid, whichever occurs first.

21 **SECTION 7.** 66.1106 (1) (k) of the statutes is amended to read:

22 66.1106 (1) (k) "Taxable property" means all real and personal taxable property  
 23 located in an environmental remediation tax incremental district.

24 **SECTION 8.** 66.1106 (1m) of the statutes is created to read:

environmental  
remediation tax  
incremental district

→ # sec. # CR; 66.1106(1)(j) (e)  
 66.1106(1)(j) (e) → project expenditures means  
 eligible costs and other costs incurred by a  
 political subdivision to create and operate an

**BILL**

1           66.1106 (1m) CREATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL  
2 DISTRICTS. In order to implement the provisions of this section, the governing body  
3 of the political subdivision shall adopt a resolution which does all of the following:

4           (a) Describes the boundaries of an environmental remediation tax incremental  
5 district with sufficient definiteness to identify with ordinary and reasonable  
6 certainty the territory included within the district. ✓

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7           (b) ~~Creates such district as of a date therein provided. If the resolution is  
8 adopted during the period between January 2 and September 30, then such date  
9 shall be the next preceding January 1. If such resolution is adopted during the period  
10 between October 1 and December 31, then such date shall be the next subsequent  
11 January 1. If the resolution is adopted on January 1, the environmental remediation  
12 tax incremental district shall be created as of the date of the resolution.~~

13           **SECTION 9.** 66.1106 (2) (a) of the statutes is amended to read:

14           66.1106 (2) (a) A political subdivision that develops, and whose governing body  
15 approves, a written proposal to remediate environmental pollution may use an  
16 environmental remediation tax increment to pay the eligible costs of remediating  
17 environmental pollution on contiguous parcels of property that are located in an  
18 environmental remediation tax incremental district within the political subdivision ✓  
19 and that are not part of a tax incremental district created under s. 66.1105, as  
20 provided in this section, except that a political subdivision may use an  
21 environmental remediation tax increment to pay the cost of remediating  
22 environmental pollution of groundwater without regard to whether the property  
23 above the groundwater is owned by the political subdivision. No political subdivision  
24 may submit an application to the department under sub. (4) until the joint review  
25 board approves the political subdivision's written proposal under sub. (3).



**BILL**

1           **SECTION 10.** 66.1106 (4) (intro.) of the statutes is amended to read:

2           66.1106 (4) CERTIFICATION. (intro.) Upon written application to the department  
3 of revenue by the clerk of a political subdivision on or before ~~April 1~~ of the year  
4 following the year in which the certification described in par. (a) is received from the  
5 department of natural resources ~~December 31 of the~~ <sup>same calendar</sup> year ~~the~~ <sup>for an</sup> environmental  
6 ~~remediation tax incremental district is created,~~ <sup>before October 1</sup> as determined under sub. (1m) (b),  
7 ~~except that if the environmental remediation tax incremental district is created~~  
8 ~~during the period between October 1 and December 31, on or before December 31 of~~  
9 ~~the following year,~~ <sup>after September 30</sup> the department of revenue shall certify to the clerk of the political  
10 subdivision the environmental remediation tax incremental base of a parcel of real  
11 property if all of the following apply:

12           **SECTION 11.** 66.1106 (4) (b) of the statutes is amended to read:

13           66.1106 (4) (b) The political subdivision submits a statement that all taxing  
14 jurisdictions with the authority to levy general property taxes on the parcel or  
15 contiguous parcels of property have been notified that the political subdivision  
16 intends to recover the costs of remediating environmental pollution on the property  
17 and have been provided a statement of the estimated costs to be recovered.

18           **SECTION 12.** 66.1106 (7) (a) of the statutes is amended to read:

19           66.1106 (7) (a) Subject to pars. (b), (c) and (d), the department shall annually  
20 authorize the positive environmental remediation tax increment with respect to a  
21 parcel or contiguous parcels of property during the period of certification to the  
22 political subdivision that incurred the costs to remediate environmental pollution on  
23 the property, except that an authorization granted under this paragraph does not  
24 apply after the department receives the notice described under sub. (10) (b).

25           **SECTION 13.** 66.1106 (7) (d) 1. of the statutes is amended to read:

**BILL**

**SECTION 13**

1           66.1106 (7) (d) 1. The department may not authorize a positive environmental  
 2 remediation tax increment under par. (a) to pay otherwise eligible costs that are  
 3 incurred by the political subdivision after the department of natural resources  
 4 certifies to the department of revenue that environmental pollution on the parcel or  
 5 contiguous <sup>✓</sup> parcels of property has been remediated unless the costs are associated  
 6 with activities, as determined by the department of natural resources, that are  
 7 necessary to close the site described in the site investigation report.

8           **SECTION 14.** 66.1106 <sup>X</sup> (9) of the statutes is amended to read:

9           66.1106 (9) SEPARATE ACCOUNTING REQUIRED. An environmental remediation tax  
 10 increment received with respect to a parcel or contiguous <sup>✓</sup> parcels of land that is  
 11 subject to this section shall be deposited in a separate fund by the treasurer of the  
 12 political subdivision. No money may be paid out of the fund except to pay eligible  
 13 costs for a parcel or contiguous <sup>✓</sup> parcels of land, or <sup>✓</sup> to reimburse the political  
 14 subdivision for such costs ~~or to satisfy claims of holders of bonds or notes issued to~~  
 15 ~~pay eligible costs.~~ If an environmental remediation tax increment that has been  
 16 collected with respect to a parcel of land remains in the fund after the period of  
 17 certification has expired, it shall be paid to the treasurers of the taxing jurisdictions  
 18 in which the parcel is located in proportion to the relative share of those taxing  
 19 jurisdictions in the most recent levy of general property taxes on the parcel.

20           **SECTION 15.** 66.1106 <sup>X</sup> (10) (a) of the statutes is amended to read:

21           66.1106 (10) (a) Prepare and make available to the public updated annual  
 22 reports describing the status of all projects to remediate environmental pollution  
 23 funded under this section, including revenues and expenditures. A copy of the report  
 24 shall be sent to all taxing jurisdictions with authority to levy general property taxes  
 25 on the parcel or contiguous <sup>✓</sup> parcels of property by May 1 annually.

{ Sec.#; Am; 66.1106 (10) (title)

{ 66.1106 (10) (title) REPORTING REQUIREMENTS; NOTICE OF DISTRICT TERMINATION.

**BILL**

1        **SECTION 16.** 66.1106 (10) (b) of the statutes is amended to read:

2            66.1106 (10) (b) Notify the department within 10 days after the period of  
3 certification for a parcel or contiguous parcels of property has expired.

4        **SECTION 17.** 66.1106 (10) (c) of the statutes is created to read:

5            66.1106 (10) (c) With regard to an environmental remediation tax incremental  
6 district, not later than 12 months after the last expenditure is made or not later than  
7 12 months after an expenditure may be made under sub. (2) (b), whichever comes  
8 first, prepare and make available to the public a report that is similar to the report  
9 required under par. (a), except that the report required under this paragraph shall  
10 also include an independent certified audit of the project to determine if all financial  
11 transactions were made in a legal manner and to determine if the environmental  
12 remediation tax incremental district complied with this section. A copy of the report  
13 shall be sent out to all taxing jurisdictions which received the reports under par. (a).

14        **SECTION 18.** 66.1106 (10) (d) of the statutes is created to read:

15            66.1106 (10) (d) Not later than 180 days after an environmental remediation  
16 tax incremental district terminates under sub. (11), provide the department with all  
17 of the following on a form that is prescribed by the department:

18            1. A final accounting of project expenditures that are made for the  
19 environmental remediation tax incremental district.

20            2. The final amount of eligible costs that have been paid for the environmental  
21 remediation tax incremental district.

22            3. The total amount of environmental remediation tax increments that have  
23 been paid to the political subdivision.

Handwritten initials: RS, 9/23

24        **SECTION 19.** 66.1106 (11) of the statutes is created to read:

**BILL**

**SECTION 19**

1           66.1106 (11) TERMINATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL  
2 DISTRICTS. An environmental remediation tax incremental district terminates when  
3 the earliest of the following occurs:

4           (a) The political subdivision has received aggregate environmental  
5 remediation tax increments with respect to the district in an amount equal to the  
6 aggregate of all eligible costs. ✓

7           (b) Twenty-three ✓ years after the department certifies the environmental  
8 remediation tax incremental base of a parcel or contiguous parcels of property under  
9 sub. (4). ✓

10           (c) The political subdivision's legislative body, by resolution, dissolves the  
11 district. ✓ Upon dissolving the district, the political subdivision becomes liable for all  
12 unpaid eligible costs actually incurred which are not paid from the separate fund  
13 under sub. (9). ✓

*Handwritten initials and scribbles.*

14           SECTION 20. 66.1106 (12) of the statutes is created to read:

15           66.1106 (12) (a) NOTICE OF DISTRICT TERMINATION. A political subdivision ✓ that  
16 creates an environmental remediation tax incremental district under this section  
17 shall give the department written notice within 10 ✓ days of the termination of the  
18 environmental remediation tax incremental district under sub. (11). ✓

19           (b) If the department receives a notice under par. (a) during the period from  
20 January 1 to May 15, the effective date of the notice is the date the notice is received.  
21 If the notice is received during the period from May 16 to December 31, the effective  
22 date of the notice is the first January 1 after the department receives the notice. ✓

23           ~~SECTION 21. 66.1106 (13) of the statutes is created to read:~~

24           ~~66.1106 (13) PAYMENT OF ELIGIBLE COSTS FOR ANNEXED TERRITORY. If a city or~~  
25 ~~village annexes territory from a town and if the town is using an environmental~~

*Handwritten annotations:*  
- A large arrow points from line 13 to line 14.  
- A large box encloses lines 23-25.  
- Inside the box, "RA" is written above "66.1106 (13) (a)".  
- To the right of the box, "REDETERMINATION OF TAX INCREMENTAL BASE; FEES" is written with an arrow pointing to the text.  
- "(a)" is written above "If a city or".

Section #. 66.1106 (13) (title) of the statutes is amended to read:

66.1106(13) (title)

Section #. 66.1106 (13) of the statutes is renumbered 66.1106(13)(a) and amended to read:

move

66.1106 (13) (a) PAYMENT OF ELIGIBLE COSTS FOR ANNEXED TERRITORY, REDETERMINATION OF TAX INCREMENTAL BASE <sup>FEES</sup> If a city or village annexes territory from a town and if the town is using an environmental remediation tax increment to remediate environmental pollution on all or part of the territory that is annexed, the city or village shall pay to the town that portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, shall negotiate an agreement on the amount that must be paid under this subsection. The department shall redetermine the environmental <sup>remediation</sup> tax incremental base of any parcel of real property for which the environmental remediation tax incremental base was determined under sub. (4) if part of that parcel is annexed under this subsection. ✓

History: 1997 a. 27; 1999 a. 9; 1999 a. 150 ss. 473 to 478; Stats. 1999 s. 66.1106; 1999 a. 185 s. 59; 2003 a. 126. 1997 a. 27; 1999 a. 9; 1999 a. 150 ss. 473 to 478; Stats. 1999 s. 66.1106; 1999 a. 185 s. 59; 2003 a. 126.

Secret;

CR: 66.1106 (B) (6)

~~HW 11-31~~

Section #. 60.85 (5) (a) of the statutes is amended to read:

66.1106 (B) (6)

X

~~60.85 (5) (a) Subject to sub. (10) (d), upon the creation of a tax incremental district or upon adoption of any amendment subject to par. (d) 1., its tax incremental base shall be determined as soon as reasonably possible. The department of revenue may impose a fee of \$1,000 on a town to determine or redetermine the tax incremental base of a tax incremental district under this subsection.~~

*environmental remediation*

*political subdivision*

*an environmental remediation*

*or sub. (4)*

History: 2003 a. 231, 326, 327.

**BILL**

1 remediation tax increment to remediate environmental pollution on all or part of the  
2 territory that is annexed, the city or village shall pay to the town that portion of the  
3 eligible costs that are attributable to the annexed territory. The city or village, and  
4 the town, shall negotiate an agreement on the amount that must be paid under this  
5 subsection.

6 **SECTION 22.** 74.23 (1) (b) of the statutes is amended to read:

7 74.23 (1) (b) *General property taxes.* After making the distribution under par.  
8 (a), the taxation district treasurer shall pay to each taxing jurisdiction within the  
9 district its proportionate share of general property taxes, except that the treasurer  
10 shall pay the state's proportionate share to the county. As part of that distribution,  
11 the taxation district treasurer shall retain for the taxation district and for each tax  
12 incremental district within the taxation district and each environmental  
13 remediation tax incremental district created by the taxation district its  
14 proportionate share of general property taxes. The taxation district treasurer shall  
15 also distribute to the county the proportionate share of general property taxes for  
16 each environmental remediation tax incremental district created by the county. ✓

17 **SECTION 23.** 74.25 (1) (b) 1. of the statutes is amended to read:

18 74.25 (1) (b) 1. Pay in full to each taxing jurisdiction within the district all  
19 personal property taxes included in the tax roll which have not previously been paid  
20 to, or retained by, that taxing jurisdiction, except that the treasurer shall pay the  
21 state's proportionate share to the county. As part of that distribution, the taxation  
22 district treasurer shall allocate to each tax incremental district within the taxation  
23 district and each environmental remediation tax incremental district created by the  
24 taxation district its proportionate share of personal property taxes. The taxation  
25 district treasurer shall also distribute to the county the proportionate share of

**BILL**

1 personal property taxes for each environmental remediation tax incremental district  
2 created by the county. ✓

3 **SECTION 24.** 74.25 (1) (b) 2. of the statutes is amended to read:

4 74.25 (1) (b) 2. Pay to each taxing jurisdiction within the district its  
5 proportionate share of real property taxes, except that the treasurer shall pay the  
6 state's proportionate share to the county. As part of that distribution, the taxation  
7 district treasurer shall retain for the taxation district and for each tax incremental  
8 district within the taxation district and each environmental remediation tax  
9 incremental district created by the taxation district its proportionate share of real  
10 property taxes. The taxation district treasurer shall also distribute to the county the  
11 proportionate share of real property taxes for each environmental remediation tax  
12 incremental district created by the county. ✓

13 **SECTION 25.** 74.30 (1) (i) of the statutes is amended to read:

14 74.30 (1) (i) Pay in full to each taxing jurisdiction within the district all  
15 personal property taxes included in the tax roll which have not previously been paid  
16 to, or retained by, each taxing jurisdiction, except that the treasurer shall pay the  
17 state's proportionate share to the county. As part of that distribution, the taxation  
18 district treasurer shall allocate to each tax incremental district within the taxation  
19 district and each environmental remediation tax incremental district created by the  
20 taxation district its proportionate share of personal property taxes. The taxation  
21 district treasurer shall also distribute to the county the proportionate share of  
22 personal property taxes for each environmental remediation tax incremental district  
23 created by the county. ✓

24 **SECTION 26.** 74.30 (1) (j) of the statutes is amended to read:



**BILL**

1           74.30 (1) (j) Pay to each taxing jurisdiction within the district its proportionate  
2 share of real property taxes, except that the treasurer shall pay the state's  
3 proportionate share to the county. As part of that distribution, the taxation district  
4 treasurer shall retain for the taxation district and for each tax incremental district  
5 within the taxation district and each environmental remediation tax incremental  
6 district created by the taxation district its proportionate share of real property taxes.  
7 The taxation district treasurer shall also distribute to the county the proportionate  
8 share of real property taxes for each environmental remediation tax incremental  
9 district created by the county.

10           **SECTION 27.** 74.30 (2) (b) of the statutes is amended to read:

11           74.30 (2) (b) Pay to each taxing jurisdiction within the district its proportionate  
12 share of real property taxes collected, except that the taxation district treasurer shall  
13 pay the state's proportionate share to the county, and the county treasurer shall  
14 settle for that share under s. 74.29. As part of that distribution, the taxation district  
15 treasurer shall retain for the taxation district and for each tax incremental district  
16 within the taxation district and each environmental remediation tax incremental  
17 district created by the taxation district its proportionate share of real property taxes.  
18 The taxation district treasurer shall also distribute to the county the proportionate  
19 share of real property taxes for each environmental remediation tax incremental  
20 district created by the county.

21           **SECTION 28.** 79.095 (1) (c) of the statutes is amended to read:

22           79.095 (1) (c) "Taxing jurisdiction" means a municipality, county, school  
23 district, special purpose district, tax incremental district, environmental  
24 remediation tax incremental district, or technical college district.

25           **SECTION 29.** 79.095 (2) (b) of the statutes is amended to read:



FNS 6-7

Section #. 60.85 (3) (h) 2. of the statutes is amended to read:

60.85 (3) (h) 2. Creates the district as of January 1 of the same calendar year for a resolution adopted before October 1 or as of January 1 of the next subsequent calendar year for a resolution adopted after September 30. ✓

History: 2003 a. 231, 326, 327.

INSIDE WORKS

CR 66.1106(10) (e)

Section #. 66.1105 (8) (d) of the statutes is amended to read:

66.1106(10) (e)

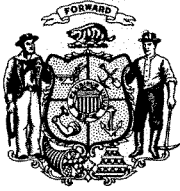
that ... par. (d) ... (sub. crossed)

66.1105 (8) (d) If a <sup>political subdivision</sup> city does not send to the department of revenue the form specified in <sup>par. (c)</sup> par. (c) within the time limit agreed to by the city and the department under par. (c), the department may not certify the tax incremental base of a tax incremental district under sub. (5)(a) and (b) until the form is sent to the department.

environmental remediation

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.

end of ins 9-23



## 2005 BILL

1     **AN ACT** *to renumber and amend* 66.1106 (13); *to amend* 66.1106 (1) (c),  
2           66.1106 (1) (e), 66.1106 (1) (f), 66.1106 (1) (g), 66.1106 (1) (i), 66.1106 (1) (k),  
3           66.1106 (2) (a), 66.1106 (4) (intro.), 66.1106 (4) (b), 66.1106 (7) (a), 66.1106 (7)  
4           (d) 1., 66.1106 (9), 66.1106 (10) (title), 66.1106 (10) (a), 66.1106 (10) (b), 66.1106  
5           (13) (title), 74.23 (1) (b), 74.25 (1) (b) 1., 74.25 (1) (b) 2., 74.30 (1) (i), 74.30 (1)  
6           (j), 74.30 (2) (b), 79.095 (1) (c), 79.095 (2) (b) and 234.01 (4n) (a) 3m. a.; and **to**  
7           **create** 66.1106 (1) (fm), 66.1106 (1) (je), 66.1106 (1m), 66.1106 (10) (c), 66.1106  
8           (10) (d), 66.1106 (10) (e), 66.1106 (11), 66.1106 (12) and 66.1106 (13) (b) of the  
9           statutes; **relating to:** modifying the environmental remediation tax  
10          incremental financing program.

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### *Analysis by the Legislative Reference Bureau*

This bill modifies the environmental remediation tax incremental financing program. Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to defray the costs of remediating contaminated property that is owned by the political subdivision. The mechanism for financing costs that are eligible for remediation is

**BILL**

very similar to the mechanism under the tax incremental financing (TIF) program. If the remediated property is transferred to another person and is then subject to property taxation, environmental remediation tax incremental financing may be used to allocate some of the property taxes that are levied on the property to the political subdivision to pay for the costs of remediation.

A political subdivision that has incurred “eligible costs” to remediate environmental pollution on a parcel of property may apply to the Department of Revenue (DOR) to certify the “environmental remediation tax incremental base” of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by the Department of Natural Resources (DNR) that contains cost estimates for anticipated eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that it has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an “environmental remediation tax increment”; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated.

This bill makes technical changes to the environmental remediation tax incremental financing program. These changes include the following:

1. Creating a definition of “environmental remediation tax incremental district” (ERTID) that is somewhat similar to the definition of “tax incremental district” under the TIF program and creating a definition of “project expenditures”, which means “eligible costs” and other costs incurred by a political subdivision in creating an operating an ERTID.

2. Making changes to the definitions of “environmental remediation tax increment,” “environmental remediation tax incremental base,” “period of certification,” and “taxable property.” The bill increases the period of certification, and an ERTID’s maximum life, from 16 to 23 years.

3. Adding to the definition of “eligible costs” the cancellation of unrecovered delinquent property taxes.

4. Creating procedures for the termination of an ERTID that are similar to the termination procedures for a tax incremental district under the TIF program.

5. Prohibiting DOR from certifying the environmental remediation tax incremental base of an ERTID if a political subdivision does not send DOR certain required forms within 180 days of the ERTID’s termination.

6. Requiring that the final report under the program include an independent certified financial audit.

7. Requiring that DOR be provided with a final accounting of the ERTID’s project expenditures and the final amount of eligible costs that have been paid for an ERTID.

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8. Modifying certain provisions of the program to apply to contiguous parcels of property or land, as well as a parcel of property or land.

9. Authorizing DOR to charge a \$1,000 fee to determine or redetermine the tax incremental base of an ERTID.

Also under the bill, if a city or village annexes property from a town that is using an ERTID to remediate environmental pollution on all or part of the territory that is annexed, the city or village must pay to the town that portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, must negotiate an agreement on the amount that must be paid.

This bill takes effect on October 1, 2005, and first applies to an ERTID that is in existence or that is created on that date.

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

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

1           **SECTION 1.** 66.1106 (1) (c) of the statutes is amended to read:

2           66.1106 (1) (c) “Eligible costs” means capital costs, financing costs, and  
3           administrative and professional service costs, incurred or estimated to be incurred  
4           by a political subdivision, for the investigation, removal, containment, or monitoring  
5           of, or the restoration of soil, air, surface water, sediments, or groundwater affected  
6           by, environmental pollution, including monitoring costs incurred within 2 years after  
7           the date on which the department of natural resources certifies that environmental  
8           pollution on the property has been remediated, cancellation of delinquent taxes if  
9           the political subdivision demonstrates that it has not already recovered such costs  
10          by any other means, property acquisition costs, demolition costs including asbestos  
11          removal, and removing and disposing of underground storage tanks or abandoned  
12          containers, as defined in s. 292.41 (1), ~~except that for.~~ For any parcel of land “eligible  
13          costs” shall be reduced by any amounts received from persons responsible for the  
14          discharge, as defined in s. 292.01 (3), of a hazardous substance on the property to pay  
15          for the costs of remediating environmental pollution on the property, by any amounts

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1 received, or reasonably expected by the political subdivision to be received, from a  
2 local, state, or federal program for the remediation of contamination in the district  
3 that do not require reimbursement or repayment, and by the amount of net gain from  
4 the sale of the property by the political subdivision. “Eligible costs” associated with  
5 groundwater affected by environmental pollution include investigation and  
6 remediation costs for groundwater that is located in, and extends beyond, the  
7 property that is being remediated.

8 **SECTION 2.** 66.1106 (1) (e) of the statutes is amended to read:

9 66.1106 (1) (e) “Environmental remediation tax increment” means that  
10 amount obtained by multiplying the total city, county, school, and other local general  
11 property taxes levied on a ~~parcel of real property that is certified under this section~~  
12 taxable property in a year by a fraction having as a numerator the environmental  
13 remediation value increment for that year ~~for that parcel in such district~~ and as a  
14 denominator that year’s equalized value of that ~~parcel~~ taxable property. In any year,  
15 an environmental remediation tax increment is “positive” if the environmental  
16 remediation value increment is positive; it is “negative” if the environmental  
17 remediation value increment is negative.

18 **SECTION 3.** 66.1106 (1) (f) of the statutes is amended to read:

19 66.1106 (1) (f) “Environmental remediation tax incremental base” means the  
20 aggregate value, as equalized by the department, of a ~~parcel of real~~ taxable property  
21 that is certified under this section as of the January 1 preceding the date on which  
22 the ~~department of natural resources issues a certificate certifying that~~  
23 ~~environmental pollution on the property has been remediated in accordance with~~  
24 ~~rules promulgated by the department of natural resources~~ environmental  
25 remediation tax incremental district is created, as determined under sub. (1m) (b).



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1           **SECTION 4.** 66.1106 (1) (fm) of the statutes is created to read:

2           66.1106 (1) (fm) “Environmental remediation tax incremental district” means  
3 a contiguous geographic area within a political subdivision defined and created by  
4 resolution of the governing body of the political subdivision consisting solely of whole  
5 units of property as are assessed for general property tax purposes, other than  
6 railroad rights-of-way, rivers, or highways. Railroad rights-of-way, rivers, or  
7 highways may be included in an environmental remediation tax incremental district  
8 only if they are continuously bounded on either side, or on both sides, by whole units  
9 of property as are assessed for general property tax purposes which are in the  
10 environmental remediation tax incremental district. “Environmental remediation  
11 tax incremental district” does not include any area identified as a wetland on a map  
12 under s. 23.32.

13           **SECTION 5.** 66.1106 (1) (g) of the statutes is amended to read:

14           66.1106 (1) (g) “Environmental remediation value increment” means the  
15 equalized value of a ~~parcel of real~~ taxable property that is certified under this section  
16 minus the environmental remediation tax incremental base. In any year, the  
17 environmental remediation value increment is “positive” if the environmental  
18 remediation tax incremental base of the ~~parcel of~~ taxable property is less than the  
19 aggregate value of the ~~parcel of~~ taxable property as equalized by the department; it  
20 is “negative” if that base exceeds that aggregate value.

21           **SECTION 6.** 66.1106 (1) (i) of the statutes is amended to read:

22           66.1106 (1) (i) “Period of certification” means a period of not more than ~~16~~ 23  
23 years beginning after the department certifies the environmental remediation tax  
24 incremental base of a ~~parcel of property~~ under sub. (4) or a period before all eligible  
25 costs have been paid, whichever occurs first.

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1           **SECTION 7.** 66.1106 (1) (je) of the statutes is created to read:

2           66.1106 (1) (je) “Project expenditures” means eligible costs and other costs  
3 incurred by a political subdivision to create and operate an environmental  
4 remediation tax incremental district.

5           **SECTION 8.** 66.1106 (1) (k) of the statutes is amended to read:

6           66.1106 (1) (k) “Taxable property” means all real and personal taxable property  
7 located in an environmental remediation tax incremental district.

8           **SECTION 9.** 66.1106 (1m) of the statutes is created to read:

9           66.1106 (1m) CREATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL  
10 DISTRICTS. In order to implement the provisions of this section, the governing body  
11 of the political subdivision shall adopt a resolution which does all of the following:

12           (a) Describes the boundaries of an environmental remediation tax incremental  
13 district with sufficient definiteness to identify with ordinary and reasonable  
14 certainty the territory included within the district.

15           (b) Creates the district as of January 1 of the same calendar year for a  
16 resolution adopted before October 1 or as of January 1 of the next subsequent  
17 calendar year for a resolution adopted after September 30.

18           **SECTION 10.** 66.1106 (2) (a) of the statutes is amended to read:

19           66.1106 (2) (a) A political subdivision that develops, and whose governing body  
20 approves, a written proposal to remediate environmental pollution may use an  
21 environmental remediation tax increment to pay the eligible costs of remediating  
22 environmental pollution on contiguous parcels of property that are located in an  
23 environmental remediation tax incremental district within the political subdivision  
24 and that are not part of a tax incremental district created under s. 66.1105, as  
25 provided in this section, except that a political subdivision may use an

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1 environmental remediation tax increment to pay the cost of remediating  
2 environmental pollution of groundwater without regard to whether the property  
3 above the groundwater is owned by the political subdivision. No political subdivision  
4 may submit an application to the department under sub. (4) until the joint review  
5 board approves the political subdivision's written proposal under sub. (3).

6 **SECTION 11.** 66.1106 (4) (intro.) of the statutes is amended to read:

7 66.1106 (4) CERTIFICATION. (intro.) Upon written application to the department  
8 of revenue by the clerk of a political subdivision on or before ~~April 1 of the year~~  
9 ~~following the year in which the certification described in par. (a) is received from the~~  
10 ~~department of natural resources~~ December 31 of the same calendar year for an  
11 environmental remediation tax incremental district created before October, as  
12 determined under sub. (1m) (b), or December 31 of the subsequent calendar year for  
13 an environmental remediation tax incremental district created after September 30,  
14 the department of revenue shall certify to the clerk of the political subdivision the  
15 environmental remediation tax incremental base of a ~~parcel of real property~~ if all of  
16 the following apply:

17 **SECTION 12.** 66.1106 (4) (b) of the statutes is amended to read:

18 66.1106 (4) (b) The political subdivision submits a statement that all taxing  
19 jurisdictions with the authority to levy general property taxes on the parcel or  
20 contiguous parcels of property have been notified that the political subdivision  
21 intends to recover the costs of remediating environmental pollution on the property  
22 and have been provided a statement of the estimated costs to be recovered.

23 **SECTION 13.** 66.1106 (7) (a) of the statutes is amended to read:

24 66.1106 (7) (a) Subject to pars. (b), (c) and (d), the department shall annually  
25 authorize the positive environmental remediation tax increment with respect to a

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1 parcel or contiguous parcels of property during the period of certification to the  
2 political subdivision that incurred the costs to remediate environmental pollution on  
3 the property, except that an authorization granted under this paragraph does not  
4 apply after the department receives the notice described under sub. (10) (b).

5 **SECTION 14.** 66.1106 (7) (d) 1. of the statutes is amended to read:

6 66.1106 (7) (d) 1. The department may not authorize a positive environmental  
7 remediation tax increment under par. (a) to pay otherwise eligible costs that are  
8 incurred by the political subdivision after the department of natural resources  
9 certifies to the department of revenue that environmental pollution on the parcel or  
10 contiguous parcels of property has been remediated unless the costs are associated  
11 with activities, as determined by the department of natural resources, that are  
12 necessary to close the site described in the site investigation report.

13 **SECTION 15.** 66.1106 (9) of the statutes is amended to read:

14 66.1106 (9) SEPARATE ACCOUNTING REQUIRED. An environmental remediation tax  
15 increment received with respect to a parcel or contiguous parcels of land that is  
16 subject to this section shall be deposited in a separate fund by the treasurer of the  
17 political subdivision. No money may be paid out of the fund except to pay eligible  
18 costs for a parcel or contiguous parcels of land, or to reimburse the political  
19 subdivision for such costs ~~or to satisfy claims of holders of bonds or notes issued to~~  
20 ~~pay eligible costs~~. If an environmental remediation tax increment that has been  
21 collected with respect to a parcel of land remains in the fund after the period of  
22 certification has expired, it shall be paid to the treasurers of the taxing jurisdictions  
23 in which the parcel is located in proportion to the relative share of those taxing  
24 jurisdictions in the most recent levy of general property taxes on the parcel.

25 **SECTION 16.** 66.1106 (10) (title) of the statutes is amended to read:

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1           66.1106 (10) (title) REPORTING REQUIREMENTS; NOTICE OF DISTRICT TERMINATION.

2           **SECTION 17.** 66.1106 (10) (a) of the statutes is amended to read:

3           66.1106 (10) (a) Prepare and make available to the public updated annual  
4 reports describing the status of all projects to remediate environmental pollution  
5 funded under this section, including revenues and expenditures. A copy of the report  
6 shall be sent to all taxing jurisdictions with authority to levy general property taxes  
7 on the parcel or contiguous parcels of property by May 1 annually.

8           **SECTION 18.** 66.1106 (10) (b) of the statutes is amended to read:

9           66.1106 (10) (b) Notify the department within 10 days after the period of  
10 certification for a parcel or contiguous parcels of property has expired.

11          **SECTION 19.** 66.1106 (10) (c) of the statutes is created to read:

12          66.1106 (10) (c) With regard to an environmental remediation tax incremental  
13 district, not later than 12 months after the last expenditure is made or not later than  
14 12 months after an expenditure may be made under sub. (2) (b), whichever comes  
15 first, prepare and make available to the public a report that is similar to the report  
16 required under par. (a), except that the report required under this paragraph shall  
17 also include an independent certified audit of the project to determine if all financial  
18 transactions were made in a legal manner and to determine if the environmental  
19 remediation tax incremental district complied with this section. A copy of the report  
20 shall be sent out to all taxing jurisdictions which received the reports under par. (a).

21          **SECTION 20.** 66.1106 (10) (d) of the statutes is created to read:

22          66.1106 (10) (d) Not later than 180 days after an environmental remediation  
23 tax incremental district terminates under sub. (11), provide the department with all  
24 of the following on a form that is prescribed by the department:

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1           1. A final accounting of project expenditures that are made for the  
2 environmental remediation tax incremental district.

3           2. The final amount of eligible costs that have been paid for the environmental  
4 remediation tax incremental district.

5           3. The total amount of environmental remediation tax increments that have  
6 been paid to the political subdivision.

7           **SECTION 21.** 66.1106 (10) (e) of the statutes is created to read:

8           66.1106 (10) (e) If a political subdivision does not send to the department of  
9 revenue the form specified in par. (d) within the time limit specified in par. (d), the  
10 department may not certify the environmental remediation tax incremental base of  
11 a district under sub. (4) until the form is sent to the department.

12           **SECTION 22.** 66.1106 (11) of the statutes is created to read:

13           66.1106 (11) **TERMINATION OF ENVIRONMENTAL REMEDIATION TAX INCREMENTAL**  
14 **DISTRICTS.** An environmental remediation tax incremental district terminates when  
15 the earliest of the following occurs:

16           (a) The political subdivision has received aggregate environmental  
17 remediation tax increments with respect to the district in an amount equal to the  
18 aggregate of all eligible costs.

19           (b) Twenty-three years after the department certifies the environmental  
20 remediation tax incremental base of a parcel or contiguous parcels of property under  
21 sub. (4).

22           (c) The political subdivision's legislative body, by resolution, dissolves the  
23 district. Upon dissolving the district, the political subdivision becomes liable for all  
24 unpaid eligible costs actually incurred which are not paid from the separate fund  
25 under sub. (9).

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1           **SECTION 23.** 66.1106 (12) of the statutes is created to read:

2           66.1106 (12) (a) NOTICE OF DISTRICT TERMINATION. A political subdivision that  
3 creates an environmental remediation tax incremental district under this section  
4 shall give the department written notice within 10 days of the termination of the  
5 environmental remediation tax incremental district under sub. (11).

6           (b) If the department receives a notice under par. (a) during the period from  
7 January 1 to May 15, the effective date of the notice is the date the notice is received.  
8 If the notice is received during the period from May 16 to December 31, the effective  
9 date of the notice is the first January 1 after the department receives the notice.

10          **SECTION 24.** 66.1106 (13) (title) of the statutes is amended to read:

11          66.1106 (13) (title) PAYMENT OF ELIGIBLE COSTS FOR ANNEXED TERRITORY,  
12 REDETERMINATION OF TAX INCREMENTAL BASE; FEES.

13          **SECTION 25.** 66.1106 (13) of the statutes is renumbered 66.1106 (13) (a) and  
14 amended to read:

15          66.1106 (13) (a) If a city or village annexes territory from a town and if the town  
16 is using an environmental remediation tax increment to remediate environmental  
17 pollution on all or part of the territory that is annexed, the city or village shall pay  
18 to the town that portion of the eligible costs that are attributable to the annexed  
19 territory. The city or village, and the town, shall negotiate an agreement on the  
20 amount that must be paid under this subsection. The department shall redetermine  
21 the environmental remediation tax incremental base of any parcel of real property  
22 for which the environmental remediation tax incremental base was determined  
23 under sub. (4) if part of that parcel is annexed under this subsection.

24          **SECTION 26.** 66.1106 (13) (b) of the statutes is created to read:

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1           66.1106 (13) (b) The department may impose a fee of \$1,000 on a political  
2 subdivision to determine or redetermine the environmental remediation tax  
3 incremental base of an environmental remediation tax incremental district under  
4 this subsection or sub. (4).

5           **SECTION 27.** 74.23 (1) (b) of the statutes is amended to read:

6           74.23 (1) (b) *General property taxes.* After making the distribution under par.  
7 (a), the taxation district treasurer shall pay to each taxing jurisdiction within the  
8 district its proportionate share of general property taxes, except that the treasurer  
9 shall pay the state's proportionate share to the county. As part of that distribution,  
10 the taxation district treasurer shall retain for the taxation district and for each tax  
11 incremental district within the taxation district and each environmental  
12 remediation tax incremental district created by the taxation district its  
13 proportionate share of general property taxes. The taxation district treasurer shall  
14 also distribute to the county the proportionate share of general property taxes for  
15 each environmental remediation tax incremental district created by the county.

16           **SECTION 28.** 74.25 (1) (b) 1. of the statutes is amended to read:

17           74.25 (1) (b) 1. Pay in full to each taxing jurisdiction within the district all  
18 personal property taxes included in the tax roll which have not previously been paid  
19 to, or retained by, that taxing jurisdiction, except that the treasurer shall pay the  
20 state's proportionate share to the county. As part of that distribution, the taxation  
21 district treasurer shall allocate to each tax incremental district within the taxation  
22 district and each environmental remediation tax incremental district created by the  
23 taxation district its proportionate share of personal property taxes. The taxation  
24 district treasurer shall also distribute to the county the proportionate share of



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1 personal property taxes for each environmental remediation tax incremental district  
2 created by the county.

3 **SECTION 29.** 74.25 (1) (b) 2. of the statutes is amended to read:

4 74.25 (1) (b) 2. Pay to each taxing jurisdiction within the district its  
5 proportionate share of real property taxes, except that the treasurer shall pay the  
6 state's proportionate share to the county. As part of that distribution, the taxation  
7 district treasurer shall retain for the taxation district and for each tax incremental  
8 district within the taxation district and each environmental remediation tax  
9 incremental district created by the taxation district its proportionate share of real  
10 property taxes. The taxation district treasurer shall also distribute to the county the  
11 proportionate share of real property taxes for each environmental remediation tax  
12 incremental district created by the county.

13 **SECTION 30.** 74.30 (1) (i) of the statutes is amended to read:

14 74.30 (1) (i) Pay in full to each taxing jurisdiction within the district all  
15 personal property taxes included in the tax roll which have not previously been paid  
16 to, or retained by, each taxing jurisdiction, except that the treasurer shall pay the  
17 state's proportionate share to the county. As part of that distribution, the taxation  
18 district treasurer shall allocate to each tax incremental district within the taxation  
19 district and each environmental remediation tax incremental district created by the  
20 taxation district its proportionate share of personal property taxes. The taxation  
21 district treasurer shall also distribute to the county the proportionate share of  
22 personal property taxes for each environmental remediation tax incremental district  
23 created by the county.

24 **SECTION 31.** 74.30 (1) (j) of the statutes is amended to read:

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1           74.30 (1) (j) Pay to each taxing jurisdiction within the district its proportionate  
2 share of real property taxes, except that the treasurer shall pay the state's  
3 proportionate share to the county. As part of that distribution, the taxation district  
4 treasurer shall retain for the taxation district and for each tax incremental district  
5 within the taxation district and each environmental remediation tax incremental  
6 district created by the taxation district its proportionate share of real property taxes.  
7 The taxation district treasurer shall also distribute to the county the proportionate  
8 share of real property taxes for each environmental remediation tax incremental  
9 district created by the county.

10           **SECTION 32.** 74.30 (2) (b) of the statutes is amended to read:

11           74.30 (2) (b) Pay to each taxing jurisdiction within the district its proportionate  
12 share of real property taxes collected, except that the taxation district treasurer shall  
13 pay the state's proportionate share to the county, and the county treasurer shall  
14 settle for that share under s. 74.29. As part of that distribution, the taxation district  
15 treasurer shall retain for the taxation district and for each tax incremental district  
16 within the taxation district and each environmental remediation tax incremental  
17 district created by the taxation district its proportionate share of real property taxes.  
18 The taxation district treasurer shall also distribute to the county the proportionate  
19 share of real property taxes for each environmental remediation tax incremental  
20 district created by the county.

21           **SECTION 33.** 79.095 (1) (c) of the statutes is amended to read:

22           79.095 (1) (c) "Taxing jurisdiction" means a municipality, county, school  
23 district, special purpose district, tax incremental district, environmental  
24 remediation tax incremental district, or technical college district.

25           **SECTION 34.** 79.095 (2) (b) of the statutes is amended to read:

