

2007 DRAFTING REQUEST

Bill

Received: 01/12/2007

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 6-7329

By/Representing: Griffin

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Local Gov't - tax incr financing
Local Gov't - 1st class cities

Extra Copies:

Submit via email: NO

Pre Topic:

DOA:.....Jenna Griffin, BB0391 -

Topic:

Allow 1st class cities to extend life of tax incremental districts (TIDs) for up to one year and transfer tax increments to housing improvements

Instructions:

See Attached.

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 01/22/2007	kfollett 01/23/2007		_____			S&L
/1			rschlue 01/23/2007	_____	cduerst 01/23/2007		S&L
/2	mshovers 02/07/2007	kfollett 02/07/2007	jfrantze 02/07/2007	_____	sbasford 02/07/2007		

FE Sent For:

<END>

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/?	mshovers 01/22/2007	kfollett 01/23/2007		_____			S&L
/1			rschluet 01/23/2007	_____	cduerst 01/23/2007		

12 MES 2/7/07
 FE Sent For: 12/12/jf
 2/7
 Self
 <END>
 2/7

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/? mshovers

11 MES 1/22/07
1/23

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1237

FE Sent For:

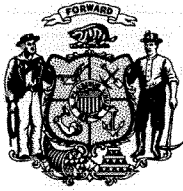
<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: TID extentions
- Tracking Code: BB0391
- SBO team: Environmental and Commercial Resources
- SBO analyst: Jenna Griffin
 - Phone: 608-266-7329
 - Email: jenna.griffin@doa.state.wi.us
- Agency acronym: Shared Revenue and Property Tax Relief
- Agency number: 835
- Priority (Low, Medium, High): High

Allow cities of the 1st class permissive authority to extend the life of a TID for up to 12 months after all TID costs have been paid, and to apply the continuing tax increments to affordable housing (up to 75%), and the remainder to otherwise improve the quality of existing housing stock in the city.

These increments would be excluded from any State-imposed levy limit; in fact they would still be a "TIF" levy.



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1607/2

MES...

tjf
RMNR

Fix request sheet pls.

one

DOA:.....Jenna Griffin, BB0391 - Allow 1st class cities to extend life of tax incremental districts (TIDs) for up to 1 year and transfer tax increments to housing improvements

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

D-NOTE

do not gen

- 1 AN ACT ...; **relating to:** authorizing a 1st class city to extend the life of a tax
- 2 incremental district up to one year if the tax increments are used to benefit
- 3 housing in the city.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

X
X Also under current law, once a TID has been created, ~~the Department of Revenue (DOR)~~ calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If

the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

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

first

This bill authorizes a 1st class city (presently only Milwaukee) to extend the life of a TID created by the city for up to 12 months after all of the TID's project costs have been paid. Under the bill, DOR is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, without regard to whether the TID would otherwise not be eligible to receive the increments, and without regard to whether the TID would otherwise be required to terminate. The city is required to use up to 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city. The remainder of the increments must be used to improve the quality of the city's existing housing stock.

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. 66.1105 (6) (g) of the statutes is created to read:

2 66.1105 (6) (g) 1. After the date on which a tax incremental district created by
3 a 1st class city pays off the aggregate of all of its project costs, and notwithstanding
4 the time at which such a district would otherwise be required to terminate under sub.
5 (7), a 1st class city may extend the life of the district for not more than 12 months if
6 the city does all of the following:

1 a. The city enacts an ordinance extending the life of the district for a specified
2 number of months.

3 b. The city forwards a copy of the ordinance to the department of revenue,
4 notifying the department that it must continue to authorize the allocation of tax
5 increments to the district under par. (a).

6 2. If the department of revenue receives a notice described under subd. 1. b.,
7 it shall continue authorizing the allocation of tax increments to the district under
8 par. (a) during the district's life, as extended by the city, as if the district's costs had
9 not been paid off and without regard to whether any of the time periods specified in
10 par. (a) 2. to 8. would otherwise require terminating the allocation of such
11 increments.

12 3. If a city receives tax increments as described in subd. 2., the city shall use
13 up to 75 percent of the increments received to benefit affordable housing in the city.
14 The remaining portion of the increments shall be used by the city to improve the city's
15 housing stock.

16 (END)

D-Note

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

1
LRB-1607/?dn
MES...
16jf

Date

Jenna Griffin:

x
x
Please review this draft carefully to ensure that it meets your intent. I believe that created s. 66.1105 (6) (g) 3. reflects your intent, but it doesn't seem to impose much of a standard on the City of Milwaukee for the expenditure of tax increments. Do you want anything more precise than a requirement that the funds "benefit affordable housing?" Also, allowing the remainder of the funds to be used to "improve the city's housing stock" could allow the funds to be used, for example, to subsidize the construction of luxury condominiums or to create a home improvement loan program to benefit very expensive homes. Is this consistent with your intent?

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

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1607/1dn
MES:kjf:rs

January 23, 2007

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State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1607/1

MES:kjfas

2
Rmr

DOA:.....Jenna Griffin, BB0391 - Allow 1st class cities to extend life of tax incremental districts (TIDs) for up to one year and transfer tax increments to housing improvements

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

do not pass

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Also under current law, once a TID has been created, DOR calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base

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This bill authorizes a first class city (presently only Milwaukee) to extend the life of a TID created by the city for up to 12 months after all of the TID's project costs have been paid. Under the bill, DOR is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, without regard to whether the TID would otherwise not be eligible to receive the increments, and without regard to whether the TID would otherwise be required to terminate. *may* The city is required to use up to 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city. The remainder of the increments must be used to improve the quality of the city's existing housing stock.

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State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1607/2

MES:kjf:jf

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