

**2007 DRAFTING REQUEST**

**Bill**

Received: **07/13/2007**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Robin Vos (608) 266-9171**

By/Representing: **Jenny**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

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

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Vos@legis.wisconsin.gov**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Change DOR's calculation of equalized value for certain tax incremental districts in village of Union Grove

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**Instructions:**

See Attached. Instead of AB 456 (LRB -2966), draft this bill based on DOR's attached suggestions, which are based on 2007 WI Acts 2 and 10.

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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>
/?							State
/1	mshovers 07/13/2007	wjackson 07/13/2007	nmatzke 07/13/2007		cduerst 07/13/2007	cduerst 07/13/2007	

FE Sent For:

<END>

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FE Sent For:

<END>



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-2974/7

MES.....j.....

WJG  
fmc

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Lps:  
Please  
print  
w/ line #s.

today 3pm

*(gen)*  
**AN ACT ... relating to:** the method by which the Department of Revenue makes certain calculations regarding tax incremental financing district number 4 in the village of Union Grove.

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

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

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works, such as sewers, streets, and lighting systems;

financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Currently, before a TID may be created or its project plan amended, the city or village must adopt a resolution containing a finding that the equalized value of taxable property of the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property in the city or village (the "12-percent test"), subject to one exception.

\* Notwithstanding the 12-percent test, this bill specifies, ~~that~~, with regard to TID number 4, which the village of Union Grove created, or attempted to create on January 1, 2006, based on action taken by the village board on February 27, 2006, ~~that~~ DOR must proceed as if the district was created on January 1, 2006, except that DOR may not certify a value increment before 2008.

For further information see the *state* 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 (5) (bn) of the statutes is created to read:

2 66.1105 (5) (bn) Notwithstanding the 12 percent of total equalized value  
 3 ~~requirement~~, ~~as described in sub. (4) (gm) 4. c.,~~ if the village of Union Grove created,  
 4 or attempted to create, tax incremental district number 4 on January 1, 2006, based  
 5 on actions taken by the village board on February 27, 2006, the tax incremental base  
 6 of the district shall be calculated by the department of revenue as if the tax  
 7 incremental district had been created on January 1, 2006, and, until the tax  
 8 incremental district terminates, the department of revenue shall allocate tax  
 9 increments and treat the district in all other respects as if the district had been  
 10 created on January 1, 2006, except that the department of revenue may not certify  
 11 a value increment under par. (b) before 2008.

12

(END)

## Shovers, Marc

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**From:** Toftness, Jennifer  
**Sent:** Friday, July 13, 2007 11:05 AM  
**To:** Shovers, Marc  
**Subject:** FW: Union Grove TIF language suggestion

This just came to us. The Village of Union Grove has not seen this yet...

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**From:** Gates-Hendrix, Sherrie L - DOR  
**Sent:** Friday, July 13, 2007 10:46 AM  
**To:** Hale, Janine; Toftness, Jennifer  
**Cc:** Templeton, Carrie E  
**Subject:** Union Grove TIF language suggestion

Hi Janine, Jenny --

Our TIF staff have looked at the Union Grove TIF language you sent and do have a suggestion for change. While the language in the draft is based on what we originally suggested, we think we have a better approach that covers the bases more completely for Union Grove.

Given the controversy over the TIF district and the lack of precedence for making estimates of base value, I think this language would be a better option for Union Grove.

This language is also more parallel to the Edgar and Altoona TIF exceptions already enacted this session (Acts 2 and 10).

Let me know if you have questions or need anything else from us.

I will plan to attend the hearing next Tuesday.

Sherrie

SECTION \_\_\_\_\_ IS CREATED TO READ:

>> Notwithstanding s.66.1105(4)(gm)4.c. if the  
>> Village of Union Grove created, or attempted to create, a tax  
>> incremental district #4 on January 1, 2006, based on actions taken by  
>> the village board on February 27, 2006, the tax incremental base of  
>> the district shall be calculated by the department of revenue as if  
>> the tax incremental district had been created on January 1, 2006,  
>> and, until the tax incremental district terminates, the department of  
>> revenue shall allocate tax increments and treat the district in all  
>> other respects as if the district had been created on January 1,  
>> 2006, except that the department of revenue may not certify a value  
>> increment under par. (b) before 2008.