

2007 ASSEMBLY BILL 409

June 14, 2007 – Introduced by Representatives NEWCOMER, FIELDS, HAHN, HINTZ, JESKEWITZ, MONTGOMERY, MOULTON, NYGREN, SHERIDAN, STASKUNAS, STRACHOTA, TOWNSEND and BALLWEG, cosponsored by Senators PLALE, DARLING, COWLES, GROTHMAN, ROESSLER and WIRCH. Referred to Committee on Ways and Means.

1 **AN ACT** *to amend* 66.1105 (2) (f) 1. (intro.), 66.1105 (4) (f) and 66.1105 (4m) (a);
2 and *to create* 66.1105 (2) (f) 1. n. and 66.1105 (4m) (d) of the statutes; **relating**
3 **to:** expanding the area in which a tax incremental district's project costs may
4 be expended.

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. Currently, and subject to a number of conditions, towns have some limited authority to create TIDs. 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, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution. Currently a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board, and the joint review board, as well as the same findings that current law requires for the creation of a new TID.

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Also under current law, once a TID has been created a city or village makes the initial expenditures for the project costs of the TID. These costs include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. If the value of the property in the TID increases due to the development in the TID, the city's or village's project costs are paid back from the property taxes generated by the increased value of property in the TID. Currently, with one exception that applies to the area within a one-half mile radius of a TID in the city of Kenosha, project cost expenditures may be made only within the boundaries of the TID.

This bill authorizes a city or village, other than Kenosha, to make or incur an expenditure for a project cost in an area that is within a radius of up to one-half mile of the TID's boundaries, provided that the city's or village's proposed expenditure is approved by the joint review board.

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 (2) (f) 1. (intro.) of the statutes is amended to read:
2 66.1105 **(2)** (f) 1. (intro.) "Project costs" mean any expenditures made or
3 estimated to be made or monetary obligations incurred or estimated to be incurred
4 by the city which are listed in a project plan as costs of public works or improvements
5 within a tax incremental district or, to the extent provided in subds. 1. k. ~~and~~ 1. m.,
6 and 1. n., without the district, plus any incidental costs, diminished by any income,
7 special assessments, or other revenues, including user fees or charges, other than tax
8 increments, received or reasonably expected to be received by the city in connection
9 with the implementation of the plan. For any tax incremental district for which a
10 project plan is approved on or after July 31, 1981, only a proportionate share of the
11 costs permitted under this subdivision may be included as project costs to the extent
12 that they benefit the tax incremental district. To the extent the costs benefit the
13 municipality outside the tax incremental district, a proportionate share of the cost
14 is not a project cost. "Project costs" include:

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1 **SECTION 2.** 66.1105 (2) (f) 1. n. of the statutes is created to read:

2 66.1105 **(2)** (f) 1. n. With regard to a tax incremental district that is located
3 anywhere other than a city to which sub. (6) (d) applies, and subject to sub. (4m) (d),
4 project costs incurred for territory that is located within a one-half mile radius of the
5 district's boundaries.

6 **SECTION 3.** 66.1105 (4) (f) of the statutes is amended to read:

7 66.1105 **(4)** (f) Adoption by the planning commission of a project plan for each
8 tax incremental district and submission of the plan to the local legislative body. The
9 plan shall include a statement listing the kind, number and location of all proposed
10 public works or improvements within the district or, to the extent provided in sub.
11 (2) (f) 1. k. and 1. n., outside the district, an economic feasibility study, a detailed list
12 of estimated project costs, and a description of the methods of financing all estimated
13 project costs and the time when the related costs or monetary obligations are to be
14 incurred. The plan shall also include a map showing existing uses and conditions of
15 real property in the district; a map showing proposed improvements and uses in the
16 district; proposed changes of zoning ordinances, master plan, if any, map, building
17 codes and city ordinances; a list of estimated nonproject costs; and a statement of the
18 proposed method for the relocation of any persons to be displaced. The plan shall
19 indicate how creation of the tax incremental district promotes the orderly
20 development of the city. The city shall include in the plan an opinion of the city
21 attorney or of an attorney retained by the city advising whether the plan is complete
22 and complies with this section.

23 **SECTION 4.** 66.1105 (4m) (a) of the statutes is amended to read:

24 66.1105 **(4m)** (a) Any city that seeks to create a tax incremental district or,
25 amend a project plan, or incur project costs as described in sub. (2) (f) 1. n. for an area

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1 that is outside of a district's boundaries, shall convene a temporary joint review
2 board under this paragraph, or a standing joint review board under sub. (3) (g), to
3 review the proposal. Except as provided in par. (am), and subject to par. (ae), the
4 board shall consist of one representative chosen by the school district that has power
5 to levy taxes on the property within the tax incremental district, one representative
6 chosen by the technical college district that has power to levy taxes on the property
7 within the tax incremental district, one representative chosen by the county that has
8 power to levy taxes on the property within the tax incremental district, one
9 representative chosen by the city, and one public member. If more than one school
10 district, more than one union high school district, more than one elementary school
11 district, more than one technical college district or more than one county has the
12 power to levy taxes on the property within the tax incremental district, the unit in
13 which is located property of the tax incremental district that has the greatest value
14 shall choose that representative to the board. The public member and the board's
15 chairperson shall be selected by a majority of the other board members before the
16 public hearing under sub. (4) (a) or (h) 1. is held. All board members shall be
17 appointed and the first board meeting held within 14 days after the notice is
18 published under sub. (4) (a) or (h) 1. Additional meetings of the board shall be held
19 upon the call of any member. The city that seeks to create the tax incremental district
20 ~~or to~~ amend its project plan, or make or incur an expenditure as described in sub.
21 (2) (f) 1. n. for an area that is outside of a district's boundaries shall provide
22 administrative support for the board. By majority vote, the board may disband
23 following approval or rejection of the proposal, unless the board is a standing board
24 that is created by the city under sub. (3) (g).

25 **SECTION 5.** 66.1105 (4m) (d) of the statutes is created to read:

