



State of Wisconsin

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STEPHEN R. MILLER
CHIEF

October 9, 2009

MEMORANDUM

To: Representative Molepske

From: Marc E. Shovers, Managing Attorney, (608) 266-0129

Subject: Technical Memorandum to **2009 AB 426** (LRB-3342/1) **by DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

October 9, 2009

TO: Marc E. Shovers
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on AB 426 Regarding Designation of a Tax Incremental District as Distressed and Expanding the Use of Donor Tax Incremental Districts

The bill allows the life of a TIF district that is a donor to a "distressed" TIF district to be extended to up to 40 years after the date the donor district is created or, alternatively, to the "distressed" TIF district's termination date if the recipient district terminates earlier than the bill's maximum 40 year life for the donor.

Because of this provision's potential impact on overlying jurisdictions, the Department of Revenue has the following suggestions concerning the bill:

- (1) On page 4, line 14, the content of the required Class 2 notice of the required public hearing should also state that a distressed TIF district is eligible to receive excess tax increments from a donor TIF district and that the donor TIF district's life may be extended.
- (2) On page 5, lines 17-22, as a condition to permit the sharing of tax increments, require the joint review board to approve the allocation of tax increments from the donor TIF district to the distressed TIF district by passing a resolution under sub. (4) (h), which includes a specific statement that, as a result, the life of the donor district may be extended to up to 40 years. This resolution should be passed separate from the resolution designating the recipient district as "distressed" and separate from any resolution that may have previously approved the district to be a donor district.
- (3) On page 5, line 19, delete the phrase "continue to" to clarify that the sharing of tax increments is permitted both initially and on an ongoing basis (once the joint review board approval suggested in (2) above has been provided).

If you have any questions regarding these comments, please contact Daniel Huegel at (608) 266-5705.

cc: Representative Louis Molepske, Jr.