

State of Misconsin 2009 - 2010 LEGISLATURE

2009 ASSEMBLY BILL 963

April 20, 2010 – Introduced by Representative DANOU, cosponsored by Senator VINEHOUT. Referred to Committee on Ways and Means.

1 AN ACT *to create* 66.1105 (5) (bs) of the statutes; **relating to:** reducing the tax

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incremental base of tax incremental district number 3 in the city of Durand.

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 incremental 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

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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 this bill, the tax incremental base of TID number 3 in the city of Durand is reduced by \$246,700. This amount reflects a decrease in property value in the district as a result of a fire in the city that occurred on January 4, 2010. Under the bill, DOR is required to allocate tax increments and treat the TID in all other respects as if its tax incremental base is \$246,700 less than the amount calculated by DOR in 2007.

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 (5) (bs) of the statutes is created to read:
2	66.1105 (5) (bs) Notwithstanding the department of revenue's 2007 calculation
3	under par. (a) of the tax incremental base of tax incremental district number 3 in the
4	city of Durand, the department shall reduce the amount it calculated by \$246,700
5	and shall allocate tax increments and treat the district in all other respects as if the
6	district's tax incremental base is the amount required under this paragraph, except
7	that the department may not certify a value increment using the tax incremental
8	base required under this paragraph before 2010.

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(END)