

2009 DRAFTING REQUEST

Bill

Received: **02/12/2009**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Cory Mason (608) 266-0634**

By/Representing: **Amanda**

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

Drafter: **mshovers**

May Contact: **Judie Gibbon @DOR (6-8131)**
Susan Plakus @DOR (1-5335)
John Antaramian

Addl. Drafters: **emueller**

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

Extra Copies:

Submit via email: **YES**

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

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Expand use of tax incremental distriacts (TIDs) for environmental cleanup; increment sharing for environmental remediation TIDs

Instructions:

See attached. The second part of LRB -0765; Allow sharing/transfer of tax increments between ERTIDs;

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 02/12/2009	jdye 02/13/2009		_____			S&L
/1			jfrantze 02/13/2009	_____	mbarman 02/13/2009	cduerst 03/19/2009	

FE Sent For: "/1" @ intro. 3/30/09 <END>

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/?	mshovers	1 2/13 jld	Jo	Jo/KM 2/13			
1/1 MES 2/12/09 2/13							

FE Sent For:

<END>

RESEARCH APPENDIX - Draft Transfer/Copy Request Form

- Atty's please complete this form and give to Mike Barman

(Request Made By: WES) (Date: 2 / 12 / 09)



Please transfer the drafting file for

2007 LRB _____ to the drafting file

for 2009 LRB _____

The final version of the 2007 draft and the final Request Sheet will be copied on yellow paper, and returned to the original 2007 drafting file. A new cover sheet will be created/included listing the new location of the drafting file's "guts".

For research purposes, because the 2007 draft was incorporated into a new 2009 draft, the complete drafting file will be transferred, as a separate appendix, to the new 2009 drafting file. This request form will be inserted into the "guts" of the 2009 draft. If introduced, the appendix will be scanned/added to the electronic drafting file folder.

--- OR ---

Please copy the drafting file for

2009 LRB -07651 / 1 (include the version) and place it in the

drafting file for 2009 LRB -2110 and -2111

For research purposes, because the original 2009 draft was incorporated into another 2009 draft, the original drafting file will be copied on yellow paper (darkened/auto centered/reduced to 90%) and added, as a separate appendix, to the new 2009 drafting file. This request form will be inserted into the "guts" of the new 2009 draft. If introduced the appendix will be scanned/added to the electronic drafting file folder.

The original drafting file will then returned, intact, to its folder and filed. For future reference, a copy of the transfer/copy request form will also be added to the "guts" of the original draft.

SOON!
EN:2/12

-211/1
LRB-07651
MES&EVMjldjmd
EVM8
Stays
RMNR

2009 BILL

regen ✓

✓

1 AN ACT *to amend* 66.1106 (1) (i), 66.1106 (7) (a) and 66.1106 (11) (a); and *to*
2 *create* 66.1105 (6) (a) 9., 66.1105 (6) (am) 2. d., 66.1106 (2) (c) and 66.1106 (7)
3 (e) of the statutes; **relating to:** ~~expanding the life of a tax incremental district~~
4 ~~in the city of Racine and~~ authorizing sharing of tax increments by certain
5 environmental remediation tax incremental districts. ✓

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~~

BILL

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. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID.

Under this bill, for TID Number 2 in the city of Racine, the 27-year life of the TID and the period of time during which DOR may authorize tax increments is extended from 2010 to 2020, and the expenditure period is extended from 2005 to 2010.

Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to recoup the costs of remediating contaminated property from property taxes that are levied on the remediated property. The mechanism for financing remediation costs is very similar to the mechanism for financing project costs under the tax incremental financing program. the Department of Revenue

Initially, the governing body of a political subdivision adopts a resolution creating an environmental remediation tax incremental district (ERTID) with particular boundaries. This resolution is then reviewed by a joint review board made up of representatives of the overlying taxing jurisdictions. If the joint review board approves the ERTID, a political subdivision that has incurred eligible costs to remediate environmental pollution on a parcel of property may apply to DOR to certify the environmental remediation tax incremental base of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by the Department of Natural Resources (DNR) that contains cost estimates for anticipated eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that it has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an environmental remediation tax increment; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated. Thereafter, the political subdivision that created the ERTID may use positive environmental remediation tax increments to pay eligible costs of remediating environmental pollution in the ERTID. *

BILL

Currently, the maximum life of an ERTID is 23 years and no expenditure for an eligible cost may be made by a political subdivision later than 15 years after the environmental remediation tax incremental base is certified by DOR. An ERTID may also terminate when a political subdivision has received sufficient environmental remediation tax increments to cover all of the eligible costs.

This bill allows the governing body of a political subdivision to adopt a resolution requesting that DOR allocate environmental remediation tax increments from an ERTID that has recovered all eligible costs to another ERTID created by the same governing body. Upon receipt of a copy of this resolution, DOR would continue to allocate environmental remediation tax increments from the donor ERTID after all of the eligible costs for that ERTID have been recovered. These increments would be applied to another ERTID created in the same political subdivision. Increments from the donor ERTID continue to be generated until the earlier of: 1) 23 years after the creation of the donor ERTID; or 2) the recovery of all eligible costs for the recipient ERTID.

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) (a) 9. of the statutes is created to read:

2 66.1105 (6) (a) 9. Thirty-seven years after the tax incremental district is
3 created if the district is created before October 1, 1995, and the expenditure period
4 is specified in par. (am) 2. d.

5 **SECTION 2.** 66.1105 (6) (am) 2. d. of the statutes is created to read:

6 66.1105 (6) (am) 2. d. Expenditures for project costs for tax incremental district
7 number 2 in the city of Racine. Such expenditures may be made no later than 32
8 years after the district is created and may be made through 2015.

9 **SECTION 3.** 66.1106 (1) (i) of the statutes is amended to read:

10 66.1106 (1) (i) "Period of certification" means a period of not more than 23 years
11 beginning after the department certifies the environmental remediation tax
12 incremental base under sub. (4) or, a period before all eligible costs have been paid,

BILL**SECTION 3**

1 or a period before all eligible costs of a recipient district designated under sub. (2) (c)
2 have been paid, whichever occurs first.

3 **SECTION 4.** 66.1106 (2) (c) of the statutes is created to read:

4 66.1106 (2) (c) Notwithstanding par. (a) or (b), or sub. (7) (d) 1. or (11) (a), if the
5 governing body of a political subdivision determines that all eligible costs of an
6 environmental remediation tax incremental district that it created will be paid
7 before the date specified in sub. (11) (b), the governing body of that political
8 subdivision may adopt a resolution requesting that the department allocate positive
9 environmental remediation tax increments generated by that donor environmental
10 remediation tax incremental district to pay the eligible costs of another
11 environmental remediation tax incremental district created by that governing body.
12 A resolution under this paragraph must be adopted before the expiration of the
13 period of certification.

14 **SECTION 5.** 66.1106 (7) (a) of the statutes is amended to read:

15 66.1106 (7) (a) Subject to pars. (b), (c) ~~and~~, (d), and (e), the department shall
16 annually authorize the positive environmental remediation tax increment with
17 respect to a parcel or contiguous parcels of property during the period of certification
18 to the political subdivision that incurred the costs to remediate environmental
19 pollution on the property, except that an authorization granted under this paragraph
20 does not apply after the department receives the notice described under sub. (10) (b).

21 **SECTION 6.** 66.1106 (7) (e) of the statutes is created to read:

22 66.1106 (7) (e) Notwithstanding par. (d), if the governing body of a political
23 subdivision adopts a resolution described in sub. (2) (c), it shall provide a copy of the
24 resolution to the department. The department shall authorize a positive
25 environmental remediation tax increment generated by a donor district, as described

BILL

1 in sub. (2) (c), to the political subdivision that incurred eligible costs to remediate
2 environmental pollution in another district within that political subdivision, as
3 described in sub. (2) (c), until the earlier of the following occurs:

4 1. The political subdivision has received aggregate environmental remediation
5 tax increments with respect to the recipient district in an amount equal to the
6 aggregate of all of the eligible costs for that district.

7 2. The donor district terminates under sub. (11) (b).

8 **SECTION 7.** 66.1106 (11) (a) of the statutes is amended to read:

9 66.1106 (11) (a) ~~The~~ Except as provided in sub. (2) (c), the political subdivision
10 has received aggregate environmental remediation tax increments with respect to
11 the district in an amount equal to the aggregate of all eligible costs.

12

(END)

Duerst, Christina

From: Harrington, Amanda
Sent: Thursday, March 19, 2009 8:42 AM
To: LRB.Legal
Subject: Draft Review: LRB 09-2111/? Topic: Expand use of tax incremental distirctcs (TIDs) for environmental cleanup; increment sharing for environmental remediation TIDs

Please Jacket LRB 09-2111/? for the ASSEMBLY.