SENATE BILL 463 (LRB -4041)

An Act to amend 66.1105 (6) (am) 2. c. and 66.1105 (7) (at); and to create 66.1105 (5) (br) of the statutes; relating to: extending the expenditure period of Tax Incremental District Number 6 in the city of Sheboygan and requiring the Department of Revenue to certify the tax base of Tax Incremental Financing District Number 18 in the city of Waukesha. (FE)

2010

01-22.	S.	Introduced by Senator **Miller**; cosponsored by Representative **Van Akkeren**.	
01-22.	S.	Read first time and referred to committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue	499
02-05.	S.	Fiscal estimate received.	
02-11.	S.	Public hearing held.	
02-17.	S.	Executive action taken.	
02-18.	S.	Report passage recommended by committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue, Ayes 7, Noes 0	571
02-18.	S.	Available for scheduling.	
02-23.	S.	Senator Leibham added as a coauthor	579
02-23.	S.	Referred to joint committee on Finance by committee on Senate Organization pursuant to Senate Rule 41 (1)(e)	578
02-23.	S.	Withdrawn from joint committee on Finance and made Available for Scheduling by committee on Senate Organization pursuant to Senate Rule 41 (1)(e)	578
02-23.	S.	Placed on calendar 2-25-2010 pursuant to Senate Rule 18(1)	578
02-25.	S.	Read a second time	593
02-25.	S.	Ordered to a third reading	593
02-25.	S.	Rules suspended	593
02-25.	S.	Read a third time and **passed**, Ayes 32, Noes 0	593
02-25.	S.	Ordered immediately messaged	595
02-26.	A.	Received from Senate	707
03-04.	A.	Read	730
03-04.	A.	Rules suspended and taken up	730
03-04.	A.	Read a second time	730
03-04.	A.	Ordered to a third reading	730
03-04.	A.	Rules suspended	730
03-04.	A.	Read a third time and **concurred in**	730
03-04.	A.	Ordered immediately messaged	730
03-05.	S.	Received from Assembly concurred in.	

(5)

2009
ENROLLED BILL

09en S B-463

ADOPTED DOCUMENTS:

☒ **Orig** ☐ **Engr** ___ **SubAmdt** ___ **09-** 4041 / 1

Amendments to above (if none, write "NONE"): None

Corrections - show date (if none, write "NONE"): None

Topic Rel

3-8-10
Date

Enrolling Drafter

[rev: 1/6/09 2009enroll(fm)]

State of Wisconsin
2009 – 2010 LEGISLATURE

LRB–4041/1
MES&EVM:kjf&jld:md

2009 SENATE BILL 463

January 22, 2010 – Introduced by Senator MILLER, cosponsored by Representative VAN AKKEREN. Referred to Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

1 AN ACT ***to amend*** 66.1105 (6) (am) 2. c. and 66.1105 (7) (at); and ***to create***
2 66.1105 (5) (br) of the statutes; **relating to:** extending the expenditure period
3 of Tax Incremental District Number 6 in the city of Sheboygan and requiring
4 the Department of Revenue to certify the tax base of Tax Incremental Financing
5 District Number 18 in the city of Waukesha.

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, towns also have a limited ability to create a TID under certain circumstances. 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.

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. 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. 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. Generally, project expenditures may not be made later than five years prior to the termination date of the TID.

Under current law, a specific provision allows TID Number 6 in the city of Sheboygan, which was created on January 1, 1992, to make expenditures up to 15 years after the TID was created, or through December 31, 2006. DOR is also authorized by a specific provision to allocate tax increments to this TID for 16 years after the last expenditure identified in the project plan is made.

Under this bill, the expenditure period for TID Number 6 in the city of Sheboygan is extended to 26 years after the TID was created, or through December 31, 2017. The bill also allows DOR to allocate tax increments to this TID for 31 years after the TID was created, which is the same as current law.

Currently, before a TID may be created, the city or village's application must contain findings that 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. The findings, in effect, determine the type of TID that is being created.

With regard to TID Number 18, which the city of Waukesha created, or attempted to create on January 1, 2008, based on action taken by the common council on July 16, 2008, this bill requires that DOR proceed as if the TID was created on January 1, 2008, notwithstanding the fact that the city's findings did not specify the type of TID that was being created. Also under the bill, DOR may not certify a value increment before 2010.

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) (br) of the statutes is created to read:

2 66.1105 **(5)** (br) Notwithstanding the requirement that the findings under sub.

3 (4) (gm) 4. a. specify the type of district that is being created as blighted, in need of

rehabilitation or conservation work, suitable for industrial sites, or suitable for mixed–use development, if the city of Waukesha created, or attempted to create, Tax Incremental District Number 18 on January 1, 2008, based on actions taken by the common council on July 16, 2008, the department of revenue shall certify the tax incremental base of the district as if the tax incremental district had been created on January 1, 2008, as a blighted area district 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, 2008, except that the department of revenue may not certify a value increment under par. (b) before 2010.

SECTION 2. 66.1105 (6) (am) 2. c. of the statutes is amended to read:

66.1105 **(6)** (am) 2. c. Expenditures for project costs for Tax Incremental District Number ~~Six~~ 6 in a city with a population of at least 45,000 that is located in a county that was created in 1836 and that is adjacent to one of the Great Lakes. Such expenditures may be made no later than ~~15~~ 26 years after the tax incremental district is created, and may be made through December 31, ~~2006~~ 2017.

SECTION 3. 66.1105 (7) (at) of the statutes is amended to read:

66.1105 **(7)** (at) Notwithstanding par. (am), ~~16 years after the last expenditure identified in the project plan is made~~ 31 years after the district is created if the district ~~to which the plan relates~~ is created before October 1, 1995, and the expenditure period is specified in sub. (6) (am) 2. c.

(END)