

## 2009 DRAFTING REQUEST

### Senate Amendment (SA-SB291)

Received: 02/11/2010

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Russell Decker (608) 266-2502**

By/Representing: **Al Runde**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

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

Extra Copies: **EVM**

Submit via email: **YES**

Requester's email: **Sen.Decker@legis.wisconsin.gov**

Carbon copy (CC:) to: **al.runde@legis.wisconsin.gov**

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#### Pre Topic:

No specific pre topic given

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#### Topic:

Create a new category of tax incremental district; distressed TID; modify applicability

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#### Instructions:

See attached. Limit the applicability of the distressed TIDs statute created in the bill.

---

#### 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>
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/P1	mshovers 02/12/2010	jdyer 02/12/2010	mduchek 02/12/2010	_____	sbasford 02/12/2010		
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/3	mshovers 02/22/2010	nnatzke 02/22/2010	mduchek 02/22/2010	_____	lparisi 02/22/2010	lparisi 02/22/2010	
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Extra Copies: EVM, Al Runde @ LFB

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Send  
POF

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11 MES 2/16/10  
FE Sent For: nwn 2/16

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↓  
Al wants  
an electronic  
copy. Thanks,

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1? mshovers

PI 3/12 jld  
MS 2/12  
[Signature]

1/PI MES 2/12/10

FE Sent For:

<END>



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

*Drafting  
INSTRUCTIONS  
are on p. 5*

February 4, 2010

TO: Senator Russell Decker  
Room 211 South, State Capitol

FROM: Al Runde, Fiscal Analyst

SUBJECT: Potential Amendments to the Proposed Distressed Tax Incremental Financing Districts  
Legislation (Senate Bill 291/Assembly Bill 426)

As you requested, this memorandum provides information on three potential changes to the proposed distressed tax incremental financing (TIF) district bills and possible amendments to those bills.

### Current Law

Tax incremental financing is a mechanism used primarily by cities and villages to fund the infrastructure and other costs associated with local development or redevelopment projects using the property tax revenues generated on the growth in property value within the district. Once a TIF district has been created, a tax incremental base is established by the Department of Revenue (DOR) for property within the district at the time it was created. The base value includes the equalized value of all taxable property and the value of municipally-owned property, as determined by DOR. Each year thereafter, DOR determines the value increment within the district, which equals the property value in the district that is in excess of its base value. The TIF district project costs are then repaid using tax increments, which equal the value increment multiplied by the tax rate for all taxing jurisdictions in which the district is located. Tax increments can only be generated to repay projects costs by an increase in the equalized value of the taxable property within the district.

TIF districts must be terminated when all projects costs are repaid or within a statutorily specified time period, which can be between 20 and 27 years depending on the type of district or when the district was created. When the TIF district terminates the property taxes on the increased value of the district are shared by the overlying taxing jurisdictions.

Under one circumstance, a TIF district does not have to be terminated when all project costs have been reimbursed. Under this circumstance, the tax increments of the TIF district (donor) that has paid off its project costs can be shifted to pay off project costs of another TIF district (recipient). A donor district may allocate positive tax increments for up to 10 years to another district that has yet to pay off its aggregate project costs under its project plan if the districts were created before October 1, 1995 (or before October 1, 1996, for first class cities), and if the following conditions are met: (a) both districts have the same overlying taxing jurisdictions; and (b) the donor TIF district is able to demonstrate, based on the positive tax increments that are currently generated, that it has sufficient revenues to pay for all project costs that have been incurred under the project plan for that district and sufficient surplus revenues to pay for some of the eligible costs of the recipient TIF district.

2003 Act 126 extended similar authority to TIF districts created after September 30, 1995 (or after September 30, 1996, for first class cities). Cities and villages can allocate tax increments among such districts if both districts have the same overlying taxing jurisdictions and the allocation of tax increments is approved by the joint review board. The recipient district may only use the allocation of tax increments from the donor district if the project costs in the recipient district are used to create, provide, or rehabilitate low-cost housing, to remediate environmental contamination, or if the recipient district was created upon a finding that not less than 50%, by area, of the real property within the district is blighted or in need of rehabilitation. These allocations of positive tax increments to a recipient district cannot be made unless the donor district has first satisfied all of its current-year debt service and project cost obligations. The life of these donor districts may not be extended.

A city or village that has created a TIF district on or after October 1, 2004, can request that the joint review board extend the life of the district for an additional three years. A city or village that has created a blighted or rehabilitation TIF district after September 30, 1995, and before October 1, 2004, can request that the joint review board extend the life of the district for an additional four years.

### **Assembly Bill 426/Senate Bill 291 and Amendments**

Assembly Bill 426 (AB 426) was introduced on September 22, 2009, and referred to the Assembly Committee on Jobs, the Economy, and Small Business. Assembly Amendment 1 (AA1) was introduced and adopted by the Committee. AB 426, as amended, was adopted by the Committee on a 12-0 vote. AB 426, as amended by AA1, passed the Assembly on a vote of 81-14 and was messaged to the Senate and referred to the Senate Committee on Economic Development. On January 7, 2010, the Senate Committee on Economic Development voted concurrence with AB 426 on a vote at 7-0 and the bill was made available for scheduling.

An identical bill, Senate Bill 291 (SB 291), was introduced in the Senate on September 16, 2009, and referred to the Senate Committee on Economic Development. Senate Amendment 1 to SB 291, which is identical to AA 1 to AB 426, was introduced in the Senate on October 20, 2009.

The bills, as amended by AA1 and SA1, would allow a city or village to declare a TIF district distressed if the municipal legislative body adopts a resolution finding that a TIF district's project costs exceed the expected revenues generated to pay off the project costs during the life of the district and the local planning commission amends the district's project plan to reflect its distressed status. Only TIF districts in existence on October 1, 2008, could be declared a distressed district. If a TIF is declared distressed, the district could exist and receive positive tax increments for up to 40 years rather than the 20 to 27 years allowed under current law. In addition, mixed-use or industrial TIF districts that have been declared distressed can receive tax increments for up to 40 years from a donor district established by the same municipality. Similar to current law, the donor district must have the same overlying taxing jurisdictions as the distressed TIF district.

The clerk of the local legislative body would have to certify the resolution and forward a copy and the financial data used by the body in adopting the resolution to DOR and the joint review board. Before a municipality could adopt a resolution declaring a TIF district distressed, it must hold a public hearing on the proposed designation and notice of the hearing must be published as required under current law and shall describe the resolution. The notice must explain that the life of the district may be extended, that the distressed district may receive excess tax increments from a donor district, and that the life of the donor district may be extended to provide such increments. Also, the notice would have to be sent to the chief executives, administrators, or chairpersons of the local governments and school boards with taxing authority over the property located in the distressed TIF district.

Following receipt of the distressed TIF district resolution and the financial data, the district's joint review board would be required to evaluate the resolution and data to determine whether the designation of the district as distressed or the sharing of TIF increments is likely to enhance the city or village's ability to pay the project costs within the specified time period. The board could ask DOR to review the information on the distressed TIF district and project amendment. The board would be required to approve or deny the proposed designation within 30 days of receiving the resolution. The resolution could not take effect unless approved by the board.

A distressed TIF district would not be allowed to do any of the following: (a) amend its project plan to add any new costs; (b) become part of a TIF district with overlapping boundaries; (c) expend funds outside the TIF boundaries; (d) become a donor district; (e) add territory to the district; or (f) make an expenditure after its expenditure period, as determined before its designation as a distressed district expires.

### **Analysis of AB 426/SB 291**

Typically, a TIF district incurs most of its costs in the early years of its existence when sewer, water, electrical, and street infrastructure improvements are being constructed. The municipality creating the district typically issues either general obligation or revenue obligation bonds to cover these upfront costs. The debt service on the bonds is then repaid using the tax increment revenues generated each year during the life of the TIF district. A district may also amend its project plan to add or subtract territory and incur additional costs. These costs could be

bonded for or paid annually from tax increments.

If economic growth or development within a district is lower than expected during the life of a TIF district, the annual tax increments generated by that district may not be sufficient to cover the annual debt service costs or other costs incurred within a TIF district in a given year. Under such circumstances, if a TIF district is unable to meet its obligations, the municipality that created the TIF district, and its taxpayers, are ultimately responsible for the repayment of the district's costs.

Proponents of the bills indicate that the recent economic downturn has resulted in a number of TIF districts having difficulty generating tax increment revenues sufficient enough to meet the annual debt service on the bonds issued by the municipality creating the district. Under the bills, a municipality could declare an existing TIF district as distressed and extend the life of the district for up to 40 years. Extending the life of a distressed district would allow a municipality the ability to refinance the bonds of the district and establish a repayment schedule over a longer period of time. In restructuring its debt in this manner, a municipality could lower the annual debt service payments on its outstanding bonds to be more in line with the lower estimated tax increment revenues associated with the distressed district.

Also, the bills allow a donor TIF district to donate tax increment revenues to a distressed district for up to 40 years, or for the life of the distressed TIF district. This would provide a distressed TIF district with access to additional revenues to meet its debt and other obligations. Proponents of the bill contend that allowing donor districts to allocate tax increments to the distressed TIF district for an extended period is needed to further ensure that a distressed district has the revenues necessary to meet its annual financial obligations.

Some concern exists that providing municipalities with the authority to extend the life of a TIF district for up to 40 years is too long of a period for a TIF district to exist. During deliberations on AB 426 in the Assembly, concerns were raised that 40 years may be too long to allow a TIF district to repay its costs. Also, 40 years may be too long for the overlying taxing jurisdictions, which could be incurring general budget costs associated with the TIF district, to not have access to the taxable value of the district.

Also, some have expressed a concern that this authority may be used by more municipalities than those it is intended to help, which could lead to unintended consequences. That is, having the option to extend the life of a TIF district could result in more districts using this authority than just those currently struggling to meet their obligations because of the recent economic downturn. Specifically, concern exists that allowing this option could affect future planning decisions of municipalities with regard TIF districts. For example, a municipality currently has the authority to amend the project plan of an existing TIF district to include additional territory and costs that are to be repaid with tax increments. The authority provided under the bills could lead to the use of more aggressive value growth estimates to support repayment of the additional project costs associated with an amendment to the existing district project plan. A municipality may do so knowing that if the aggressive growth expectations under the project amendment do not occur within the allowable

life of the district, the municipality could declare the district distressed and have a total of 40 years to repay the project amendment costs. This illustrates how allowing districts the option of extending to 40 years could possibly result in an unintended use of this authority and in more municipalities having to use the distressed TIF authority than is currently expected.

The bills would allow a municipality to declare a TIF district distressed if it finds that the project costs incurred with regard to the district exceed the amount of revenues from all sources that the municipality expects the district to generate to pay off such project costs over the life of the district. In allowing any existing TIF district to extend up to 40 years, the bills do not take into account how long the TIF district has been in existence. Due to the current economy, updated revenue estimates for the life of many existing TIF districts may demonstrate that the district is experiencing slower growth than is needed to repay its project costs. A TIF district that has been in existence for some time may not have enough allowable years remaining to be helped by an improved economy. As a result, the district may be unable to recover and experience the value growth needed to repay its costs within its allowable life. For municipalities with such districts, the authority to extend the district's life may be needed to allow these districts a longer time period to meet their obligations. However, newer districts, which could be considered distressed, may have enough years remaining to allow the district to fully recover economically and meet their obligations or have enough remaining years over which its debt and other obligations could be restructured without extending the life of the district.

#### Potential Amendments to AB 426/SB 291

Given the concerns discussed above, you also requested information on the impact that each of the following amendments would have on the use of the distressed TIF district authority provided under the bills: (a) specifying that municipalities would have only two years after the effective date of the legislation to declare a TIF district as distressed; (b) requiring that the existing TIF district must be in existence for at least ~~ten~~ years before it could be declared distressed; (c) specifying that the life of a TIF district could only be extended ten years beyond its required termination date; or (d) specifying that the life of a TIF donor district could only be extended for up to ten years to assist a distressed TIF district. *and districts that amend their project plan after the effective date of bill cannot be declared distressed.*

Amending the bills to allow only a two-year window in which a municipality could declare a TIF district distressed would limit the use of the authority to those municipalities whose existing TIF districts are currently struggling to meet their obligations. Such an amendment would recognize that certain TIF districts are having difficulty meeting their debt and other obligations as a result of the recent economic downturn and need to have their allowable life extended in order to meet those obligations. However, it could alleviate most of the concerns associated with the possible unintended use of the proposed distressed TIF authority by municipalities beyond those districts affected by the recent economic downturn. The need for such authority due to future economic downturns could be addressed by a future Legislature.

An amendment that would require that an existing TIF district must be in existence for at

least ten years before it could be declared distressed would focus the distressed TIF legislation on those districts that have a more limited number of years remaining to meet their obligations before they are required to terminate. Existing TIF districts that have been in existence less than ten years would not be allowed to access the expanded authority. The policy reason for not allowing a district that has more than 10 or 17 years remaining (depending on the type of district) to extend its life another 13 or 20 years is that such districts, despite meeting the definition of being distressed, have enough years remaining before termination to recover economically and meet their remaining obligations. Also, because such a district has a significant number of years remaining before it is required to terminate, the municipality amending the district plan could possibly restructure the district's debt obligations within the existing time allowed in order to meet their annual obligations.

An amendment that would specify that the life of a distressed TIF district could only be extended ten years beyond its original required termination date would still allow a municipality to restructure and lower its annual obligations over ten additional years. However, it would limit the total life of an existing district to 30 or 37 years, rather than 40, as allowed under the bills. This would address the concern that 40 years may be too long of a period to allow a TIF district to exist. Also, an amendment that would specify that the life of a donor district could only be extended for up to ten years to help a distressed TIF district would still make additional donor district increment revenues available to distressed districts. However, it would also reduce the amount of time for which a successful district could remain in existence and donate its tax increment to a distressed district. This would also address concerns that TIF districts would last too long under the bills.

These amendments would continue to allow municipalities the authority to declare an existing TIF district distressed and extend the life of those districts in order to allow the municipality the ability to restructure its debt obligations over a lower period of time. Further, the amendments would continue to allow donor districts to be extended in order to provide additional revenues to a distressed district. However, the amendments would put in place additional limitations on the use and life of distressed TIF districts that could address some of the concerns that have been raised. The structure of the amendments described in this section is intended to illustrate basic concepts that could be used to restrict the distressed TIF authority under the bills. The time periods discussed in these amendments could be modified to make each either more or less restrictive, depending upon the policy goals being sought.

I hope this information is helpful. Please contact me if you have any additional questions.

AR/le



LRBa1526/P1  
MES  
jld

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**SENATE AMENDMENT ,**  
**TO 2009 SENATE BILL 291**

WANTED:  
today

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 3, line 12: delete "Subject" and substitute "Before the first day of the  
3 24th month beginning after the effective date of this paragraph [LRB inserts date],  
4 and subject".

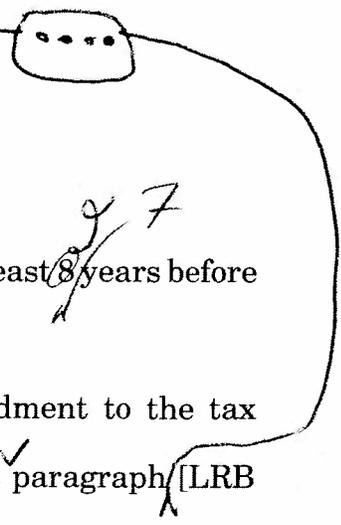
5 **2.** Page 3, line 15: after "occur" insert "or apply".

6 **3.** Page 4, line 8: after that line insert:

7 "3. The tax incremental district has been in existence for at least 8 years before  
8 the local legislative body adopts the resolution under subd. 1.

9 4. The local legislative body has not approved an amendment to the tax  
10 incremental district's project plan after the effective date of this paragraph [LRB  
11 inserts date].

12 **4.** Page 5, line 12: delete "40" and substitute "10".





## Shovers, Marc

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**From:** Runde, Al  
**Sent:** Friday, February 12, 2010 2:50 PM  
**To:** Worcester, Barbara; Shovers, Marc  
**Subject:** Distressed TIDs

Marc,

Please add the following language for distressed TID:

Any excess annual tax increments beyond those amounts needed to meet annual district expenditures identified in the existing project plan must be used to retire or defease any outstanding bonds or other debt obligations issued for the purposes of the TIF district.

Thanks,

Al

---

**From:** Worcester, Barbara  
**Sent:** Friday, February 12, 2010 2:24 PM  
**To:** Runde, Al  
**Subject:** RE: Draft Amendment

I don't have it in PDF format, but I will call Mark to send it directly to you along with subsequent drafts.

And yes, I would appreciate it if you would work with Marc on the debt buy down language.

---

**From:** Runde, Al  
**Sent:** Friday, February 12, 2010 2:19 PM  
**To:** Worcester, Barbara  
**Subject:** RE: Draft Amendment

I have not yet seen the draft. Could you attach it? Also, I was waiting on Mike Harrigan's language for the debt buy down requirement and the severely distressed TID language. I could suggest something on the debt buy down requirement to Marc Shovers if you would like.

Al

---

**From:** Worcester, Barbara  
**Sent:** Friday, February 12, 2010 2:17 PM  
**To:** Runde, Al  
**Subject:** Draft Amendment

Al,

I received a copy of the /P1 draft. I definitely want to include the language you recommended on any excess increments being used to pay down debt per what we required of the Brewers & Packers.

Also, just to confirm is the language on page 1, line 9 the language you recommended that a municipality cannot modify their plan and then declare themselves to be distressed?

Barb



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRBa1526/P1  
MES:jld:md

P2  
RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**SENATE AMENDMENT ,**  
**TO 2009 SENATE BILL 291**

today

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 3, line 12: delete "Subject" and substitute "Before the first day of the  
3 24th month beginning after the effective date of this paragraph .... [LRB inserts  
4 date], and subject".

5 **2.** Page 3, line 15: after "occur" insert "or apply".

6 **3.** Page 4, line 8: after that line insert:

7 "3. The tax incremental district has been in existence for at least 7 years before  
8 the local legislative body adopts the resolution under subd. 1.

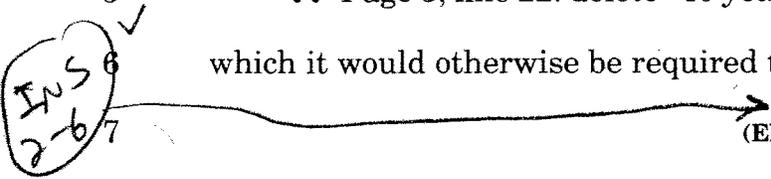
9 4. The local legislative body has not approved an amendment to the tax  
10 incremental district's project plan after the effective date of this paragraph .... [LRB  
11 inserts date].".

12 **4.** Page 5, line 12: delete "40" and substitute "10".

1           **5.** Page 5, line 13: delete that line and substitute “date on which the district  
2 would otherwise be required to terminate.”

3           **6.** Page 5, line 16: delete that line and substitute “up to 10 years after the date  
4 on which the district would otherwise be required to terminate.”

5           **7.** Page 5, line 22: delete “40 years” and substitute “10 years after the date on  
6 which it would otherwise be required to terminate.”

7  
 (END)

2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBa1526/P2ins  
MES:jld:md

INS 2-6

1. Page 6, line 11: after that line insert:

“(g) If any tax increments allocated to a distressed tax incremental district under this subsection exceed the amount needed to meet the distressed district’s annual expenditures identified in its existing project plan, the excess amount shall be used to retire any outstanding debt obligations of the distressed district.”.

(end ins 2-6)



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRBa1526/P2

MES:jld:md

frwn

Rmk

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

SENATE AMENDMENT ,  
TO 2009 SENATE BILL 291

today

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 3, line 12: delete "Subject" and substitute "Before the first day of the  
3 24th month beginning after the effective date of this paragraph .... [LRB inserts  
4 date], and subject".

5 **2.** Page 3, line 15: after "occur" insert "or apply".

6 **3.** Page 4, line 8: after that line insert:

7 "3. The tax incremental district has been in existence for at least 7 years before  
8 the local legislative body adopts the resolution under subd. 1.

9 4. The local legislative body has not approved an amendment to the tax  
10 incremental district's project plan after the effective date of this paragraph .... [LRB  
11 inserts date]."

12 **4.** Page 5, line 12: delete "40" and substitute "10".



**1) Create a category of severely distressed TIF Districts that could last up to 40 years.**

The category of severely distressed TIF districts would have the same meeting and certification requirements as a distressed TIF. Note: May have to insert "or severely distressed" after each mention of distressed TIF

A TIF could only be considered "severely distressed" if the annual incremental value of the TIF district as determined by DOR has declined by 25% from the highest annual incremental value determined by DOR over the life of the district. Allow the Joint Review Board to request DOR to certify to the board that this requirement has been met.

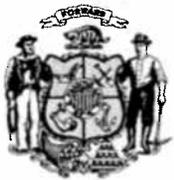
**2) Possible Language to different limits for the Severely distressed versus distressed**

Page 5 line 12 after for delete up to 40 and substitute "up to 10 years after the district would otherwise be required to terminate if the district is declared a distressed district under (insert x-ref) or up to 40 years if the district is declared a severely distressed district under (insert x-ref)."

Page 5 line 16 after to delete "40" and substitute "'up to 10 years after the district would otherwise be required to terminate if the district is declared a distressed district under (insert x-ref) or up to 40 years if the district is declared a severely distressed district under (insert x-ref)."

Page 5 line 21 after distressed insert "or severely distressed"

Page 5 line 22 after existed delete "for up to 40 years." and substitute "up to 10 years after the district would otherwise be required to terminate if the district is declared a distressed district under (insert x-ref) or up to 40 years if the district is declared a severely distressed district under (insert x-ref)."



WANTED:  
Fri.

SENATE AMENDMENT,  
TO 2009 SENATE BILL 291

#. Page 1, line 3: after "distressed" insert "or severely distressed"  
#. Page 3, line 12: after "DISTRESSED" insert "SEVERELY DISTRESSED,"  
#. Page 3, line 12: after "to" insert "par. (am) and"  
#. Page 3, line 14: after "distressed" insert "or severely distressed"

1 At the locations indicated, amend the bill as follows:

2 1. Page 3, line 12: delete "Subject" and substitute "Before the first day of the  
3 24th month beginning after the effective date of this paragraph .... [LRB inserts  
4 date], and subject".

5 2. Page 3, line 15: after "occur" insert "or apply".

6 3. Page 4, line 8: after that line insert:  
7 "3. The tax incremental district has been in existence for at least 7 years before  
8 the local legislative body adopts the resolution under subd. 1.  
9 4. The local legislative body has not approved an amendment to the tax  
10 incremental district's project plan after the effective date of this paragraph .... [LRB  
11 inserts date]".

11  
12  
1-11

4. Page 5, line 12: delete "40" and substitute "10".

1 **5.** Page 5, line 13: delete that line and substitute "date on which the district  
2 would otherwise be required to terminate."

3 **6.** Page 5, line 16: delete that line and substitute "up to 10 years after the date  
4 on which the district would otherwise be required to terminate."

5 **7.** Page 5, line 22: delete "40 years" and substitute "10 years after the date on  
6 which it would otherwise be required to terminate."

INS 7 ✓  
2-7 ✓  
8 **8.** Page 6, line 11: after that line insert:

9 "(g) If any tax increments allocated to a distressed tax incremental district  
10 under this subsection exceed the amount needed to meet the distressed district's  
11 annual expenditures identified in its existing project plan, the excess amount shall  
12 be used to retire any outstanding debt obligations of the ~~distressed~~ district or to  
13 establish a reserve fund that may be used only to retire outstanding debt obligations  
14 of the distressed district."

✓ or severely distressed ✓

(END)

2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBa1526/2ins  
MES:jld&nwn:md

INS 1-11

✓(am) To be designated as a severely distressed tax incremental district under par. (a), ✓ a district must meet all of the conditions under par. (a) ✓ and its value increment in any year must have declined at least 25 ✓ percent from the district's highest value increment determined by the department of revenue ✓ over the course of the district's life. ✓ The joint review board ✓ may request that the department of revenue certify that a district meets the decline in value increment percentage described in this ✓ paragraph." ✓

\* 1. Page 4, line 12: on lines ✓ 12, 23, ✓ and 24, after "distressed" insert "✓, or severely distressed," ✓

\* 2. Page 5, line 6: on lines ✓ 6, 19, ✓ 21, ✓ and 23, after "distressed" insert "✓, or severely distressed," ✓

3. Page 5, line 8: after "distressed" insert "or severely distressed" ✓

\* 4. Page 5, line 12: delete lines 12 and 13 ✓ and substitute ✓ "tax increments for up to 10 ✓ years after a district would otherwise be required to terminate, if the district is designated as a distressed district under this subsection ✓, or up to ✓ 40 years after a district would otherwise be required to terminate, if the district is designated as a severely distressed district under this ✓ subsection." ✓

5. Page 5, line 15: delete "distressed" ✓

\* 6. Page 5, line 16: delete that line and substitute ✓ "up to 10 ✓ years after the district would otherwise be required to terminate, if the district is designated as a distressed district under this subsection ✓, or up to ✓ 40 years after the district would

↓

otherwise be required to terminate, if the district is designated as a severely distressed district under this subsection."

7. Page 5, line 22: delete "40 years" and substitute "10 years after the district would otherwise be required to terminate, if the district is sharing its increment with a district designated as a distressed district under this subsection, or 40 years after the district would otherwise be required to terminate, if the district is sharing its increment with a district designated as a severely distressed district under this subsection".

(end ins 1-11)

INS 2-7



8. Page 6, line 5: on lines 5, 7, 14, and 16, after "distressed" insert ", or severely distressed,".



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRBa1526/2<sup>3</sup>  
MES:jld&nwn:md

*fmr*

**SENATE AMENDMENT ,  
TO 2009 SENATE BILL 291**

*today*

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 1, line 3: after “distressed” insert “, or severely distressed,”.
- 3 **2.** Page 3, line 12: after “DISTRESSED” insert “, OR SEVERELY DISTRESSED,”.
- 4 **3.** Page 3, line 12: after “to” insert “par. (am) and”.
- 5 **4.** Page 3, line 12: delete “Subject” and substitute “Before the first day of the
- 6 24th month beginning after the effective date of this paragraph .... [LRB inserts
- 7 date], and subject”.
- 8 **5.** Page 3, line 14: after “distressed” insert “or severely distressed”.
- 9 **6.** Page 3, line 15: after “occur” insert “or apply”.
- 10 **7.** Page 4, line 8: after that line insert:
- 11 “3. The tax incremental district has been in existence for at least 7 years before
- 12 the local legislative body adopts the resolution under subd. 1.

1           4. The local legislative body has not approved an amendment to the tax  
2 incremental district’s project plan after the effective date of this paragraph .... [LRB  
3 inserts date].

4           (am) To be designated as a severely distressed tax incremental district under  
5 par. (a), a district must meet all of the conditions under par. (a) and its value  
6 increment in any year must have declined at least 25 percent from the district’s  
7 highest value increment determined by the department of revenue over the course  
8 of the district’s life. The joint review board may request that the department of  
9 revenue certify that a district meets the decline in value increment percentage  
10 described in this paragraph.”.

11           **8.** Page 4, line 12: on lines 12, 23 and 24, after “distressed” insert “, or severely  
12 distressed,”.

13           **9.** Page 5, line 6: on lines 6, 19, 21 and 23, after “distressed” insert “, or severely  
14 distressed,”.

15           **10.** Page 5, line 8: after “distressed” insert “or severely distressed”.

16           **11.** Page 5, line 12: delete lines 12 and 13 and substitute “tax increments for  
17 up to 10 years after a district would otherwise be required to terminate, if the district  
18 is designated as a distressed district under this subsection, or up to 40 years after  
19 a district would otherwise be required to terminate, if the district is designated as  
20 a severely distressed district under this subsection.”.

21           **12.** Page 5, line 15: delete “distressed”.

22           **13.** Page 5, line 16: delete that line and substitute “up to 10 years after the  
23 district would otherwise be required to terminate, if the district is designated as a  
24 distressed district under this subsection, or up to 40 years after the district would

1 otherwise be required to terminate, if the district is designated as a severely  
2 distressed district under this subsection.”

3 **14.** Page 5, line 22: delete “40 years” and substitute “10 years after the district  
4 would otherwise be required to terminate, if the district is sharing its increment with  
5 a district designated as a distressed district under this subsection, *until the donor district has been in existence for* 40 years *after*  
6 ~~the district would otherwise be required to terminate~~, if the district is sharing its  
7 increment with a district designated as a severely distressed district under this  
8 subsection”.

9 **15.** Page 6, line 5: on lines 5, 7, 14 and 16, after “distressed” insert “, or  
10 severely distressed.”

11 **16.** Page 6, line 11: after that line insert:  
12 “(g) If any tax increments allocated to a distressed, or severely distressed, tax  
13 incremental district under this subsection exceed the amount needed to meet the  
14 distressed, or severely distressed, district’s annual expenditures identified in its  
15 existing project plan, the excess amount shall be used to retire any outstanding debt  
16 obligations of the district or to establish a reserve fund that may be used only to retire  
17 outstanding debt obligations of the distressed, or severely distressed, district.”

18 (END)

**Shovers, Marc**

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**From:** Runde, Al  
**Sent:** Tuesday, February 23, 2010 8:15 AM  
**To:** Shovers, Marc  
**Subject:** additional changes

Marc,

On 1526/3, maybe we should go back to original bill language in the following places for clarity sake.

Page 2, line 18: after 40 years insert "after the district is created"

Page 2 line 23: after 40 years insert "after the district is created"

Thanks, and sorry I didn't see this earlier,

Al

Al Runde  
Legislative Fiscal Analyst  
Wisconsin Legislative Fiscal Bureau  
(608) 266-3847



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRBa1526/3  
MES:jld&nwn:md

*PKR*

SENATE AMENDMENT,  
TO 2009 SENATE BILL 291

*today*

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 1, line 3: after “distressed” insert “, or severely distressed,”.
- 3 **2.** Page 3, line 12: after “DISTRESSED” insert “, OR SEVERELY DISTRESSED,”.
- 4 **3.** Page 3, line 12: after “to” insert “par. (am) and”.
- 5 **4.** Page 3, line 12: delete “Subject” and substitute “Before the first day of the
- 6 24th month beginning after the effective date of this paragraph .... [LRB inserts
- 7 date], and subject”.
- 8 **5.** Page 3, line 14: after “distressed” insert “or severely distressed”.
- 9 **6.** Page 3, line 15: after “occur” insert “or apply”.
- 10 **7.** Page 4, line 8: after that line insert:
- 11 “3. The tax incremental district has been in existence for at least 7 years before
- 12 the local legislative body adopts the resolution under subd. 1.

1           4. The local legislative body has not approved an amendment to the tax  
2 incremental district’s project plan after the effective date of this paragraph .... [LRB  
3 inserts date].

4           (am) To be designated as a severely distressed tax incremental district under  
5 par. (a), a district must meet all of the conditions under par. (a) and its value  
6 increment in any year must have declined at least 25 percent from the district’s  
7 highest value increment determined by the department of revenue over the course  
8 of the district’s life. The joint review board may request that the department of  
9 revenue certify that a district meets the decline in value increment percentage  
10 described in this paragraph.”.

11           **8.** Page 4, line 12: on lines 12, 23 and 24, after “distressed” insert “, or severely  
12 distressed,”.

13           **9.** Page 5, line 6: on lines 6, 19, 21 and 23, after “distressed” insert “, or severely  
14 distressed,”.

*after the district is created* ✓

15           **10.** Page 5, line 8: after “distressed” insert “or severely distressed”.

16           **11.** Page 5, line 12: delete lines 12 and 13 and substitute “tax increments for  
17 up to 10 years after a district would otherwise be required to terminate, if the district  
18 is designated as a distressed district under this subsection, or up to 40 years, if the  
19 district is designated as a severely distressed district under this subsection.”.

20           **12.** Page 5, line 15: delete “distressed”.

21           **13.** Page 5, line 16: delete that line and substitute “up to 10 years after the  
22 district would otherwise be required to terminate, if the district is designated as a  
23 distressed district under this subsection, or up to 40 years, if the district is  
24 designated as a severely distressed district under this subsection.”.





SENATE AMENDMENT <sup>2</sup>,  
TO 2009 SENATE BILL 291

February 23, 2010 - Offered by Senator ERPENBACH.

Remove  
Un-introduce  
Per Jeff  
(SCC)  
02-24-2010

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 1, line 3: after "distressed" insert ", or severely distressed,".

3 **2.** Page 3, line 12: after "DISTRESSED" insert ". OR SEVERELY DISTRESSED,".

4 **3.** Page 3, line 12: after "to" insert "par. (am) and".

5 **4.** Page 3, line 12: delete "Subject" and substitute "Before the first day of the  
6 24th month beginning after the effective date of this paragraph .... [LRB inserts  
7 date], and subject".

8 **5.** Page 3, line 14: after "distressed" insert "or severely distressed".

9 **6.** Page 3, line 15: after "occur" insert "or apply".

10 **7.** Page 4, line 8: after that line insert:

11 "3. The tax incremental district has been in existence for at least 7 years before  
12 the local legislative body adopts the resolution under subd. 1.