



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2009 Assembly Bill 175

Assembly Amendment 1

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Under current tax incremental financing law, a city or village may create a tax incremental district (TID) within its territory to assist development if at least 50% 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 statutes outline numerous procedural requirements that must be satisfied before a city or village may create a TID.

Once a TID has been created, the Department of Revenue (DOR) calculates the TID's "tax increment base value." This value is the equalized value of all taxable property within the TID at the time of creation. If the TID's equalized value increases above the base value, then the amount of taxes collected on that increase in value is considered a "tax increment." The tax increments are used to pay back the project costs of the TID. DOR authorizes the allocation of tax increments until the TID terminates. Current law requires that no expenditures for project costs be made later than five years before the unextended termination date of the TID.

Also under current law, the maximum life span of a TID is either 20 years, 23 years, or 27 years after creation, depending upon both the type of TID and the year in which it was created. If all of the project costs are repaid before the end of the maximum life span, then termination must occur at this earlier date. Under certain exceptions, however, the life of a TID, and the time that tax increments can be allocated, may be extended. One exception is that a TID may request an extension to become a donor TID.

In 1983, the City of Racine created TID No. 2 and is scheduled to terminate in 2010, 27 years after it was created. According to testimony however, a portion of the TID is still in need of environmental remediation in order to sell the property for development. According to DOR, the TID is currently a donor TID.

2009 Assembly Bill 175

Assembly Bill 175 extends the maximum time period in which the City of Racine's TID No. 2 may receive allocations of tax increments from 27 years to 37 years, so that allocations may occur until the year 2020. It also allows expenditures for TID No. 2 to be made for an additional five years, such that the expenditures may be made through the year 2015.

Assembly Amendment 1

Assembly Amendment 1 extends the maximum life span of the City of Racine's TID No. 2 to be consistent with the length of time it may receive allocations of tax increments. Without the amendment, TID No. 2 would terminate in 2010, regardless of its ability to receive allocated tax increments until 2020.

Legislative History

Representative Mason offered Assembly Amendment 1 on April 6, 2009. On October 22, 2009 the Assembly Committee on Urban and Local Affairs took executive action on 2009 Assembly Bill 175. The committee voted to recommend adoption of Assembly Amendment 1 by a vote of Ayes, 7; Noes, 1; Absent, 1. The committee recommended passage of Assembly Bill 175, as amended, by a vote of Ayes, 5; Noes, 3; Absent, 1.

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