



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2009 Assembly Bill 426

Assembly Amendment 1

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ASSEMBLY BILL 426

Assembly Bill 426 authorizes a city or village to designate a tax incremental district (TID) that was created before October 1, 2008, as a distressed TID. Under the bill, a distressed TID may continue to exist and receive tax increments, as well as contributions from a donor TID, for up to 40 years after the distressed TID was created.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 makes the following changes to the bill:

1. Provides that a TID may not be designated as distressed unless the planning commission amends the TID's project plan to reflect the TID's distressed status.

Under **current law**, one of the steps required for creation of a TID is the preparation of a project plan for the TID by the planning commission. The project plan must include information such as the types of public works or improvements proposed for the TID, an economic feasibility study, a list of estimated project costs, and a description of the methods of financing the project costs.

Under the **bill**, a TID may not be designated as distressed unless several steps are taken, including holding a public hearing, adoption of a resolution by the local legislative body, and approval of the designation by the joint review board. The **amendment** provides that, in addition, the planning commission must amend the TID's project plan to reflect the TID's distressed status. When amending the project plan, the planning commission must follow the project plan amendment procedures set forth in current law, which include approval by the local legislative body, review by the joint review board, and a public hearing.

2. Requires additional information to be included in the notice of the public hearing on designation of a TID as distressed.

Under the **bill**, before a TID may be designated as distressed, the common council must hold a public hearing at which interested parties may express their views on the proposed designation. Notice of the hearing must be published as a Class 2 notice and sent to the overlying taxation districts. The notice must describe the resolution supporting designation of the TID as distressed and advise that a copy of the resolution will be provided on request.

The **amendment** requires the notice of the public hearing to also explain that the life of a distressed TID may be extended, that it may receive excess tax increments from a donor district, and that the life of the donor district may be extended to provide such increments.

3. Specifies that the joint review board must take action on a resolution to designate a TID as distressed within 30 days after receiving the resolution and other required information from the clerk of the local legislative body.

Under **current law**, a TID may not be created unless the joint review board approves the resolution creating the TID that is adopted by the local legislative body. The joint review board must approve or deny the resolution within 30 days after receiving it.

Under the **bill**, a TID may not be designated as distressed unless the local legislative body adopts a resolution and forwards a copy of the resolution and the financial data that it used in the adoption process to the joint review board. The joint review board must evaluate the resolution and data to determine whether designation of the TID as distressed or the sharing of tax increments with the TID by a donor district is likely to enhance the ability of the city to pay its project costs related to the TID. The joint review board may approve or deny the designation. A resolution to designate a TID as distressed may not take effect unless the joint review board approves the designation.

The **amendment** provides that the joint review board must approve or deny the designation within 30 days after receiving the resolution and other required materials from the local legislative body.

4. Makes a technical change to clarify the time period during which a donor TID may provide tax increments to a distressed TID.

5. Authorizes a joint review board to ask the Department of Revenue (DOR) to review the data used by the local legislative body in adopting a resolution to designate a TID as distressed.

Under **current law**, a TID may not be created unless the joint review board approves the resolution creating the TID that is adopted by the local legislative body. The local legislative body must provide the joint review board with certain information and projections related to the proposed TID such as the project costs, the amount of the costs to be paid with tax increments, the amount of increments expected to be generated, and the amount of the value increment to be created. The joint review board may request the DOR to review the objective facts contained in any of the documents submitted to it by the local legislative body to determine whether all the required information has been provided or whether any of the information contains a factual inaccuracy. DOR must send a written response to the joint review board within 10 working days after receiving the request.

The **amendment** authorizes a joint review board to request DOR review of documents submitted by a local legislative body in support of a resolution to designate a TID as distressed, in the same manner that it may request DOR review of documentation related to initial creation of a TID.

LEGISLATIVE HISTORY

On October 15, 2009, the Assembly Committee on Jobs, the Economy and Small Business offered Assembly Amendment 1 by unanimous consent and recommended its adoption and passage of Assembly Bill 426, as amended, on successive votes of Ayes, 12; Noes, 0; and Absent, 1.

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