

2011 DRAFTING REQUEST

Bill

Received: 12/27/2010

Received By: mshovers

Wanted: As time permits

Companion to LRB:

For: Dale Schultz (608) 266-0703

By/Representing: Anthony

May Contact:

Drafter: rkite

Subject: Local Gov't - tax incr financing
Local Gov't - munis generally
Nat. Res. - miscellaneous

Addl. Drafters: mshovers
emueller

Extra Copies: EVM

Submit via email: YES

Requester's email: Sen.Schultz@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Expand types of loans by board of commissioners of public lands; repayment from TIF district tax increments, sewer and water fees

Instructions:

Allow BCPL to issue loans to pol. subdivisions and sanitary districts, with the loans being paid from TIF tax increments or sewer/water fees.

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/?	mshovers 01/26/2011			_____			S&L
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	rkite 02/01/2011			_____			

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/1			jfrantze 09/21/2011	_____	sbasford 09/21/2011	lparisi 09/22/2011	

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↳ A+ Intro.

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Table with 8 columns: Vers., Drafted, Reviewed, Typed, Proofed, Submitted, Jacketed, Required. Row 1: /?, mshovers, 01/26/2011, S&L.

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1?	mshovers	PI 2/7/11 2/12/11	76	2/8			
/P/MES&RNK							

FE Sent For:

<END>

Shovers, Marc

From: Rallo, Anthony
Sent: Friday, January 14, 2011 11:23 AM
To: Shovers, Marc
Subject: Re: TIF Proposal.

Marc,

Feel free to be in touch with Tim and Todd, just make sure the draft comes to me.

Thanks,
Anthony

Sent from my U.S. Cellular BlackBerry® smartphone

From: "Shovers, Marc" <Marc.Shovers@legis.wisconsin.gov>
Date: Fri, 14 Jan 2011 11:05:05 -0600
To: Rallo, Anthony <Anthony.Rallo@legis.wisconsin.gov>
Subject: RE: TIF Proposal.

Hi Anthony:

I just wanted to let you know that I've had a conference call this morning with Greg Hubbard, Tim Fenner from Axley Brynelson, and Todd Taves from Ehlers Inc. I have a much better understanding of what the request is and how to proceed. I'll produce a preliminary draft and we can make adjustments after it's reviewed by Sen. Schultz and the others involved. If I have further technical questions, the group thought it would be best if I contacted Tim and Todd directly. Is that OK, or would you like me to work through you? Thanks.

Marc

From: Rallo, Anthony
Sent: Thursday, January 06, 2011 10:49 AM
To: Shovers, Marc
Subject: RE: TIF Proposal.

Marc,

Just to let you know, when Greg Hubbard calls to discuss your questions on the TID bill, he may have a third party contributing to the call. That is not an infraction from my end if you are ok with it on yours.

Thanks
-Anthony Rallo

From: Shovers, Marc
Sent: Thursday, December 30, 2010 3:38 PM

1/14/2011

To: Rallo, Anthony
Subject: RE: TIF Proposal.

Hi Anthony:

I've read through the drafting instructions and I'm not sure how this bill is supposed to work. Currently, if a city (or a village or, in some cases towns) follows a number of procedures and creates a TID, the city incurs expenses for project costs, as defined in s. 66.1105 (2) (f) of the statutes. One of the procedures is that a joint review board (JRB) is created and agrees to the creation of the TID. The JRB represents the overlying taxation districts and it in effect agrees that such districts will not collect part of the property taxes they'd normally be entitled to receive on the TID, as represented by the value increment that's created by the economic activity in the TID, until the TID's project costs are paid back to the city. The TID must terminate upon the sooner of the repayment of these project costs or a date specified in the statutes, depending on when the TID is created.

Under your bill, as I understand it, the Board of Commissioners of Public Lands (BCPL) could lend money to a city, and the loan would be repaid by tax increments generated by a TID. Am I correct that the loan from the BCPL may have nothing to do with the TID? It's just a loan to the city for any public purpose under ss. 24.61 (3) (a) 2. and 67.04? It seems to me that the bill would have to amend the definition of "project costs" to include a loan from the BCPL and that a BCPL loan could constitute an amendment to a project plan. Because the JRB must, in effect, approve the loan as part of a TID's project plan or an amendment to a project plan, I'm not sure how this loan program would work.

Would the overlying taxation districts want to approve such a loan? Wouldn't the loan repayment from tax increments delay the time before such districts are able to receive property taxes on the value increment? If the loan from the BCPL does not increase the equalized value of the property in the TID, the additional delay in the overlying taxation districts' ability to collect taxes on the value increment may be viewed quite negatively by the JRB, thus making any loan under the program difficult to get approved by the JRB. Please let me know if I'm not understanding how the draft is supposed to work.

In any event, I have some other questions. Who gets the first draw on the tax increments? The city, for repayment of project costs, or the BCPL for loan repayment? Would the project costs and the loan from the BCPL have to be paid off in full before the overlying taxation districts could begin to receive tax payments on the increased value of the TID? Do you think the lifespan of a TID would have to be extended to accommodate the payment of project costs and a BCPL loan? If so, how would you like to address that situation? What would happen if a TID must terminate before it pays off its BCPL loan?

If you did not prepare the drafting instructions, do you think it would be possible for me to talk to the person who did so he or she could explain to me what I may be missing? I know there are a lot of questions here, Anthony. Thanks for your patience.

Marc

Marc E. Shovers

Managing Attorney
Legislative Reference Bureau
Phone: (608-266-0129)
E-Mail: marc.shovers@legis.wisconsin.gov

From: Rallo, Anthony
Sent: Wednesday, December 22, 2010 4:14 PM
To: Shovers, Marc
Subject: TIF Proposal.

<< File: TIF Bill.doc >>
Marc,

This is a little more complicated than what I asked for regarding the Real Estate Statutes. The information should be enclosed. Contact me if you have questions.

Thanks,

Anthony

**Suggested Changes to State Trust Fund Loan (STFL) Program as Operated
by the Board of Commissioners of Public Lands (BCPL)
2ND DRAFT 12-16-2010**

1. *Overview.* The BCPL presently has authority to loan funds of the Trust to certain public entities under the general authority of Wisconsin Statutes Subchapter II, Chapter 24. These entities include Wisconsin cities, villages, towns, school districts, vocational districts and counties. Loan recipients are required to execute a "Certificate of Indebtedness" which obligates the recipient to levy a property tax in a sum sufficient to repay the loan. Since the loan is secured by property tax revenue, it constitutes a general obligation (G.O.) of the recipient, and counts against any applicable statutory limitation on G.O. debt. As a general obligation, the maximum term of loans that can be made is twenty years. Interest rates, maximum loan amounts, and other conditions are determined by the BCPL and may be changed from time to time.

2. *Proposed Change.* It is proposed that the BCPL be authorized to make loans to Wisconsin cities, villages, towns, sanitary districts and counties that would be secured by a pledge of revenues, including but not limited to sewer and/or water revenues and/or tax increments from Tax Incremental Districts (TIDs) created under s.66.1105, s.66.1106 or s.60.85 Wisconsin Statutes. As revenue secured loans, they would not constitute a general obligation of the loan recipient. Loan approval would be contingent on meeting underwriting standards to be determined by the BCPL, however, to the extent the purpose of the requested loan is to refinance existing debt of a Tax Incremental District that has been designated "distressed" or "severely distressed" under s.66.1105(4e) Wisconsin Statutes, loan approval would be automatic provided that the amount of the most recently certified tax increment collection as of the date of loan approval is sufficient to service the proposed loan structure. Notwithstanding the underwriting criteria to be developed by the BCPL in making determinations as to loan approvals, loans made to distressed or severely distressed TIDs would:

- a. Not include a requirement for a reserve fund.
- 2 - b. Require the ratio of tax increment collections as compared to debt service payments to be no greater than 1.10 times.
- c. Be at an interest rate no greater than 1% higher than the rate currently available for General Obligation secured loans with a term of 11-20 years.
- d. Be amortized over a term equal to the maximum number of years remaining in the life of the distressed or severely distressed TID.
- 2 - e. Provide for mandatory prepayments if there are excess TID revenues remaining after all debt service obligations are paid. - see (4e)(g)

where obtained

dist. can't pay
debt -- why
give more?

Tim:

JTB realizes refi is implicit + stretch out - so no need for JTB to approve BCPL loan

auth BCPL to

1) ~~can~~ can make loans secured by revenues -

2) allow TJDs to refinance ^{sev. distressed}

helps smaller municipalities city of smaller

can't enter conventional ~~financing~~ ^{MB} financing

Note to file

after conf call it seems 2 things are needed (1)

2) create a new sub. in TJD stats to allow TJDs to get loans from BCPL & pay off w/ tax increments --

Refinancing is already a project cost under s. 66.1105 (2)(f) b.

- stat says "Financing" - maybe Am'to include ~~the~~ "Refinancing?"

other entities (i.e. school, ^{school, tech college,} ~~sanitary districts,~~ ^{city}) may not need any specific auth -- just auth granted by BCPL

27 yrs

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

AG
note

#6

1/14/11

1 Greg Hubbard

2 Todd -
Taxes

Fin. advisor to

2 Tim Fenney

Village of Neocada

atty for Neocada

want to refinance debt

allow T fund to do rev. based loans - not just

proceeds of loan must be related to
TID, water utility, etc

GO

loan shd also be backed from utility
rev. if dir received to utility operators

for
dist or
rev dist
TID

* they're just refinancing ~~and~~ current debt,
not increasing new debt
they are just off refinancing

not nec. paying off all debt & using loan

tax rev. must first go to repay project costs

But loan must be #1, ~~old (old #2)~~ shd be = access
priority subordinate basis parity basis

Order of payments based on existing priorities in the
existing bonds - issue of priorities based on K
priority is whatever the bond issuer is asked
to refinance

Tim
2836733

Todd
262-796 6173
TTaves@Ehlers-inc.com

TFenner @ AXley.com



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-08267
MES&RNK:.....

PL
RMR

DUE WED

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

9
~~*SOOP*~~
~~*FN 2/13*~~

4
1
2

ofm

AN ACT *ofm* relating to: expanding the types of loans that the board of commissioners of public lands may offer to certain local governments and authorizing tax incremental districts, environmental remediation tax incremental districts, and town sanitary districts to refinance certain debt with such loans. ✓

Analysis by the Legislative Reference Bureau

✓ This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

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:

6 SECTION 1. 24.61 (3) (a) ^{*x*} 2g. of the statutes is created to read:
7 24.61 (3) (a) 2g. A city or village ^{*✓*} for the purpose of refinancing project costs for
8 a project within a tax incremental district under s. 66.1105. ✓

1 **SECTION 2.** 24.61 (3) (a) 2m. of the statutes is created to read:

2 24.61 (3) (a) 2m. A city, village, town, or county for the purpose of refinancing
3 project costs for a project within an environmental remediation tax incremental
4 district under s. 66.1106.

5 **SECTION 3.** 24.61 (3) (a) 2r. of the statutes is created to read:

6 24.61 (3) (a) 2r. A town for the purpose of refinancing project costs for a project
7 within a tax incremental district under s. 60.85.

8 **SECTION 4.** 24.61 (3) (a) 5m. of the statutes is created to read:

9 24.61 (3) (a) 5m. A town sanitary district created under s. 60.71 to refinance
10 existing debt or to carry out any of the district's duties under s. 60.77 (4).

11 **SECTION 5.** 24.61 (3) (be) of the statutes is created to read:

12 24.61 (3) (be) *Loans to political subdivisions, town sanitary districts.* Subject
13 to par. (bg), the board may establish specific requirements and conditions for loaning
14 moneys under par. (a) 2g., 2m., 2r., and 5m.

15 **SECTION 6.** 24.61 (3) (bg) of the statutes is created to read:

16 24.61 (3) (bg) *Distressed or severely distressed tax incremental districts.* If the
17 board receives a request to make a loan under par. (a) 2g. for the purpose of
18 refinancing project costs for distressed or severely distressed tax incremental
19 districts under s. 66.1105 (4e), the board shall approve the loan if the board
20 determines, based on the most recent department of revenue allocation of tax
21 increments under s. 66.1105 (4e) (d) 1., that such tax increments are sufficient to
22 service the loan and the district's other obligations. In addition, all of the following
23 terms and conditions apply to the loan:

- 24 1. The loan may not include a requirement for a reserve fund.

1 2. The ratio of tax increment allocations under s. 66.1105 (4e) (d) 1. to the sum
2 of the debt service on the loan and the district's other obligations is no greater than
3 1.10 to 1.0.

4 3. The interest rate on the loan may be no greater than one percent higher than
5 the rate available, on the day of the loan's origination, to the city or village that
6 created the district, for a general obligation secured loan with a term of 20 to 20 years.

7 4. The loan shall be amortized over a term equal to the maximum number of
8 years remaining in the life of the district.

****NOTE: This subd. 4. is drafted according to your instructions, but I'm not sure it works. A distressed or severely distressed TID may terminate before the maximum number of years that it is authorized to exist. See s. 66.1105 (4e) (d) 2. for the maximum number of years that a TID may exist, compared to the possibility that it may terminate earlier, as authorized in s. 66.1105 (4e) (d) 3. a. A TID would not terminate before all of its debts are paid, unless the years of its existence max out under the statutes before it is able to pay all of its debts, but linking the amortization schedule to the maximum number of years the TID could exist may set an unnecessarily long amortization schedule.

****NOTE: I did not draft your instruction requiring that the TID make prepayments (I assume you mean on the BCPL loan) with excess revenues after all debt service obligations are paid because I believe that current law already provides for this. See s. 66.1105 (4e) (g).

9 **SECTION 7.** 60.77 (5) (L) of the statutes is created to read:

10 60.77 (5) (L) Obtain a loan under s. 24.61 (3) (a) 5m. to carry out any of the
11 district's duties under sub. (4) or to refinance existing debt that was incurred for such
12 purposes. The district shall repay any debt incurred under this paragraph through
13 sewage service charges and water services charges that are imposed under par. (e).

14 **SECTION 8.** 60.85 (1) (h) 1. b. of the statutes is amended to read:

15 60.85 (1) (h) 1. b. Financing costs, including, but not limited to, all interest paid
16 to holders of evidences of indebtedness issued to pay for project costs, refinancing
17 costs incurred through a loan under s. 24.61 (3) (a) 2r., and any premium paid over

1 the principal amount of the obligations because of the redemption of the obligations
2 prior to maturity.

3 History: 2003 a. 231, 326, 327; 2005 a. 330; 2009 a. 28, 312.

3 **SECTION 9.** 66.1105 (2) (f) 1. b. of the statutes is amended to read:

4 66.1105 (2) (f) 1. b. Financing costs, including, but not limited to, all interest
5 paid to holders of evidences of indebtedness issued to pay for project costs,
6 refinancing costs incurred through a loan under s. 24.61 (3) (a) 2g., and any premium
7 paid over the principal amount of the obligations because of the redemption of the
8 obligations prior to maturity.

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46, 328, 331, 385; 2007 a. 2, 10, 21, 41, 43, 57, 73, 96; 2009 a. 5, 28, 67, 170, 176, 310, 312.

9 **SECTION 10.** 66.1106 (1) (c) of the statutes is amended to read:

10 66.1106 (1) (c) "Eligible costs" means capital costs, financing costs, refinancing
11 costs incurred through a loan under s. 24.61 (3) (a) 2m., and administrative and
12 professional service costs, incurred or estimated to be incurred by a political
13 subdivision, for the investigation, removal, containment, or monitoring of, or the
14 restoration of soil, air, surface water, sediments, or groundwater affected by,
15 environmental pollution, including monitoring costs, cancellation of delinquent
16 taxes if the political subdivision demonstrates that it has not already recovered such
17 costs by any other means, property acquisition costs, demolition costs including
18 asbestos removal, and removing and disposing of underground storage tanks or
19 abandoned containers, as defined in s. 292.41 (1). For any parcel of land "eligible
20 costs" shall be reduced by any amounts received from persons responsible for the
21 discharge, as defined in s. 292.01 (3), of a hazardous substance on the property to pay
22 for the costs of remediating environmental pollution on the property, by any amounts
23 received, or reasonably expected by the political subdivision to be received, from a

1 local, state, or federal program for the remediation of contamination in the district
2 that do not require reimbursement or repayment, and by the amount of net gain from
3 the sale of the property by the political subdivision. "Eligible costs" associated with
4 groundwater affected by environmental pollution include investigation and
5 remediation costs for groundwater that is located in, and extends beyond, the
6 property that is being remediated.

7 **History:** 1997 a. 27; 1999 a. 9; 1999 a. 150 ss. 473 to 478; Stats. 1999 s. 66.1106; 1999 a. 185 s. 59; 2003 a. 126; 2005 a. 246, 418; 2009 a. 28, 66, 312; s. 13.92 (2) (i).

(END)

Shovers, Marc

From: Rallo, Anthony
Sent: Friday, May 20, 2011 11:58 AM
To: Shovers, Marc
Subject: FW: Meeting regarding revenue obligation trust fund loans
Attachments: Proposed BCPL Loan Program Statute Changes 2011 d8.doc

Marc,

The original form of this project was LRB 0826/P1 and it was drafted by yourself and RNK. The main goal is to give TIF districts that are in distress a refinancing option that is both profitable by the lenders and affordable for the borrowers. It was inspired by a situation in the village of Necedah, but there are several (7 I believe) other distressed TIF districts we want to make a profitable secondary finance option available to. Initially, we asked you to draft us language allowing the BCPL to grant state revenue backed loans as a secondary alternative to general obligation loans. Also, we asked you to draft us language mandating the BCPL to grant such loans to TIF districts that are distressed or severely distressed. After weeks of calculations and a good faith promise from the BCPL, we no longer need this mandate. Rather, it would be helpful if the language gives the BCPL the option to make revenue backed loans, without forcing them to do so. That is what this memo outlines. Basically, it takes chapter 24 of the statutes as it pertains to G.O. loans, and splits it into two sections. One section will remain largely as is (G.O), and the other will define revenue backed loans as its own entity and establish guidelines for such borrowing.

As you read through this memo you will find it is in 2 parts. Part one will explain a way of going about what I have just requested. Part two will request, and give justification for, minor statutory alterations loosely referring to the issues at hand. I ask that these be included in the draft as well. They are far from controversial, they will increase the efficiency of the loan process, and they will ameliorate some statutory contradictions that arise from outdated and unused laws. If you find an issue with any of the requests in part two, feel free to employ your knowhow to change or omit them. They are not necessary to this project, but it makes sense to use this bill while we are working on it to update these statutes in the name of pragmatism and common sense.

Let me know if there are any other issues. I would be happy to clarify what we are looking for or put you in touch with people who can. This is a big help to us and I appreciate your efforts in drafting this. We have been working on this idea for some time and believe it can be greatly beneficial to Wisconsin municipalities in this economic climate.

Thanks again,
Anthony

OK to talk to
Tom German BCPL - 7-2233

MEMORANDUM

TO: TIA
FROM: TOM
RE: BCPL Loan Program Statute Changes
DATE: May 11, 2011

OK to talk to
LFB

I have reviewed BCPL's current statutory framework for trust fund loans and I have considered changes that may be necessary in order to make new trust fund loans based upon a pledge of revenues instead of a general obligation basis. It is my understanding that we have reached a general consensus that BCPL's statutes should be modified to permit, but not require, the board to make loans to municipalities based upon **either** a general obligation basis or based upon a pledged stream of revenue. It is further my understanding that loans based upon a pledge of a stream of revenue would still be secured by the borrower's state aid or shared revenue. The AG has asked that in the event that a borrower defaults on a state trust fund loan, the diversion of state aid would be mandatory, not discretionary. ?

I have identified below the statutes which would appear to need revisions in order to properly authorize and administer such revenue loans and have discussed these suggested revisions with Assistant A.G. Anne Murphy. I have set forth below the suggested revisions.

- §24.60(4) currently defines a "State trust fund loan." We are proposing to have two different types of loans, those which are a general obligation of the borrower and those which are based upon a pledge of revenue. I suggest that this statute should be modified to state that "State trust fund loan" means a loan authorized under s. 24.61 (3) and shall include general obligation loans and revenue obligation loans. I do not believe that "revenue obligation loans" are defined elsewhere in the statutes. Since "revenue obligations" are defined in § 66.0621, this new type of loan could be described as a "revenue obligation loan" even though the new loans authorized under chapter 24 would use a more expansive definition of "revenue." ✓
- I suggest that §24.60 should be further modified to provide separate definitions for general obligation state trust fund loans and revenue obligation state trust fund loans. ✓
- Since revenue based state trust fund loans are not currently authorized, there is no definition of "revenue" in Chapter 24. I suggest that a definition for "revenue" be included or at least referenced in chapter 24. The definition would likely include revenue as defined in Wis. Stat. Section 66.0621 and also include revenue that would be generated through TIF Districts as discussed in §66.1333. In order to avoid inconsistent wording, and rather than recreating those sections in their entirety, the definition of revenue in chapter 24 could refer to §66.0621 and §66.1333. ○
- §24.63(1) currently provides the general terms and conditions for state trust fund loans to municipalities. Since the loan terms and conditions would be different for general obligation loans and revenue based loans, this statute should be modified to reflect the differences. There are constitutional limitations on terms of general obligation loans but

Art. XI
sec. (3)

no such limits on revenue obligation loans. Therefore, there should be different term limitation on the different types of loans. In addition, loans based on revenue from TIF Districts carry a higher risk than loans based on revenue from utility districts. The security of the state aid / shared revenue intercept becomes much more important for loans based on TIF district revenue. As a result there should be a further limitation on the size of TIF revenue based state trust fund loans with respect to the projected amount of future state aid / shared revenue. I suggest that this statute be amended to read substantially as follows:

- 24.63
- **(a) General Obligations Loans other than to school districts.** A general obligation state trust fund loan, other than a loan to a school district, may be made for any term not exceeding 20 years and may be made payable in installments. A general obligation state trust fund loan to a municipality other than a school district shall be in an amount which does not, together with all other indebtedness of the municipality applying for the loan, exceed 5% of the valuation of the taxable property within the municipality as equalized for state purposes. If a general obligation state trust fund loan is made to pay off existing indebtedness, it may be advanced to the borrower in installments as fast as the indebtedness or the evidence of indebtedness is canceled.
 - **(b) Revenue Obligation Loans other than to school districts.** A revenue obligation state trust fund loan to a municipality may be made for any term not exceeding 30 years and may be made payable in installments. The amount of a revenue obligation state trust fund loan to a municipality that is based upon a pledge of revenue from a TIF district under §66.1333, shall not exceed an amount requiring an annual payment including both principal amortization and interest that exceeds 80% of the projected annual state aid or shared revenue of the borrowing municipality during the term of the loan.
 - §24.66(1)(a) currently describes the necessary components of a state trust fund loan application. Since there are no currently authorized revenue based loans, a necessary component of any current application is the valuation of all taxable property in the district. This would not be a necessary component of revenue based loans. Therefore, this statute should be modified to provide that the property valuation is only necessary for general obligation loans. I suggest that this statute should be amended to read: “Of the valuation of all the taxable property within the municipality as equalized for state purposes, but only if the application is for a general obligation state trust fund loan as defined by §24.63(1)(a) (new statute suggested above).”
 - Currently, §24.66(1) does not require any information on revenue streams since revenue based loans are not currently authorized. However, information on such revenue streams would be extremely important in analyzing an application for revenue based state trust fund loans. Furthermore, there must be a pledge of revenues from such streams for the loan. Therefore, I suggest that §24.66(1)(d) should be created which reads: “Of details on the expected revenues that would be used to repay the loan and a pledge of such

revenue if the application is for a revenue obligation trust fund loan, as defined by §24.63(1)(b)” (new statute suggested above).

- The amount of state aid or shared revenue that a current borrower might expect is generally not considered under the current program. However, for revenue based loans, especially loans based on revenue from Tax Incremental Financing districts, the amount of expected annual state aid or shared revenue would be a very important piece of information. Therefore, I suggest that §24.66(1)(e) be created which reads: “Of details on the expected amount of annual state aid / shared revenue if the application is for a revenue obligation trust fund loan, as defined by §24.63(1)(b)” (new statute suggested above)
- §24.68 currently states that “All the taxable property in any municipality which obtains a trust fund loan shall stand charged for the payment of the principal and interest on that loan.” However, this would not apply to revenue based state trust fund loans. Therefore, I suggest that this statute should be modified to read “All the taxable property in any municipality which obtains a general obligation trust fund loan, as defined by §24.63(1)(a) shall stand charged for the payment of the principal and interest on that loan.”
- §24.70(3) currently requires that municipal clerks add the annual amount of trust fund payments to the tax levy of the borrower. However, this would not apply to revenue based state trust fund loans. Therefore, I suggest this section be modified to apply only to general obligation state trust fund loans, to read “In the case of a general obligation trust fund loan as defined by §24.63(1)(a), upon receipt of a certified statement by a municipal clerk, ...”
- 24.70(6) currently states that the board *may* (emphasis added) file a certified statement of the delinquent amount with the department of administration to start the process of intercepting state aid. The Attorney General has suggested that this provision be changed from permissive to mandatory (i.e. may to shall). The statute should also provide that the secretary of administration should immediately remit to the board any amounts deducted from any state payments due the municipality. § 24.70(6) could be amended to read: “If any municipality fails to remit the amount due by the date specified under subdivision (4), the board shall file a certified statement of the delinquent amount with the department of administration. The secretary of administration shall collect the amount due, including any penalty, by deducting that amount from any state payments due the municipality, shall notify the treasurer and the board of that action, and shall immediately remit to the board any amounts deducted from any state payments due to the municipality.”
- §66.0621 governs “Revenue obligations” generally. There may be additional provisions of this statute or §66.2111 or §281.58 which should be recreated in Chapter 24 to facilitate the making and administration of revenue based state trust fund loans. As I noted at the beginning, the purpose of this legislation is to authorize the board to loan money to municipalities based on a pledge of revenue and secured by the state aid or

shared revenue of the borrower. Since the two statutes referred to above address two different types of revenue borrowing, I acknowledge that there may be some additional language from those statutes that should be incorporated in the new legislation.

While considering these legislative changes, I suggest that we also consider "cleaning up" other statutory provisions affecting the State Trust Fund Loan program that are out of date or do not reflect changes that have occurred over time. These suggested changes are minor in nature.

- §24.61(3)(c) and (d) required BCPL to give priority to certain loans to certain entities from 1989 through 2003. Those years have now passed and the statute has no current applicability. Therefore, I suggest that these sections should now be deleted. ✓
- §24.61(4) is titled "Loan Limitations." However, this statute applies only to loans to counties. Therefore, a slight change in the title would make it easier for people to find this statute when dealing with loans to counties. I suggest the statute be retitled "Limitations on loans to counties." ✓
- §24.71(5) provides that the state superintendent shall intercept state school aid on delinquent trust fund loans and "remit such amount to the *secretary of administration*." I suggest that "secretary of administration" be deleted and replaced with "the board" to conform to the other BCPL loan collection statutes. ✓
- This same change should be done to §24.716(4). ✓
- This same change should be done to §24.717(4). ✓
- 24.715(4) has a similar problem in that it requires the state superintendent to "remit such amount to the *state treasurer*." I suggest that "state treasurer" be deleted and replaced with "board" to conform to the other BCPL loan collection statutes. ✓
- 67.03(2m) allows borrowers undertaking an "advanced refunding" of a loan to treat the new borrowing and the payoff of the "old" loan as simultaneous under certain circumstances. However, this statute does not necessarily apply to trust fund loans due to the wording of 67.01(9)(a). Therefore, in the interest of clarification, I suggest that either 67.03(2m) should be recreated in chapter 24 or a reference to 67.03(2m) should be included in 67.01(9)(a) or the new 67.10 suggested below. ✓
- 67.08(1) governs the execution of municipal obligations (e.g who is authorized to sign on behalf of a municipality) and applies to state trust fund loans due to its reference in 67.01(9). However, this statute appears to be slightly in conflict with 24.67. For example 67.08(1) allows either the mayor or city manager to execute the obligation while 24.67 only allows the mayor to sign. (I believe that either the mayor or the city manager should be authorized to sign) Any discrepancies with respect to who can sign should be resolved. The best approach may be to slightly modify 24.67 and remove the reference to 67.08(1) in 67.01(9). Furthermore, 24.67(3) should be slightly modified to reflect the current procedures. I suggest that this section be amended to read, "If a municipality has

city manager only exists in city that adopts "city manager" form of govt in which I. of C. 04

yl board change

AMJ
D-24.67(1)6
add
"or city manager and the city clerk"

acted under subs. (1) and (2), it shall certify that fact to the ^{DOA}board. Upon receiving a certification....the board shall cause the loan to be disbursed to the treasurer of the municipality...”

- 67.01(9)(a) currently exempts most of Chapter 67 from state trust fund loans. However, some statutes located in Chapter 24 specifically reference certain statutes within Chapter 67 which are not listed in 67.01(9). (e.g. §67.04) To resolve this issue, I believe it makes sense to delete 67.01(9)(a) and create 67.10 which states, Except for ss. [67.0392m see above], 67.09 and 67.10 and those statutes specifically referenced in Chapter 24, this chapter is not applicable to (either “the borrowing of moneys belonging to the common school fund...” or “state trust fund loans made pursuant to Chapter 24 which shall be regulated by subchapter II of ch 24)
- §24.61(2)3 currently authorizes BCPL to invest the trust funds in “bonds of this state.” However, “bonds” are not defined in this section, nor in other key places in the Wisconsin Statutes. Therefore, the term is generally construed broadly to include notes and other instruments of indebtedness. I suggest that the statute be amended to clarify the matter by expressly authorizing investment in “bonds, notes or other instruments of indebtedness issued by the State of Wisconsin.”
- Most of the investment options authorized under Wis. Stat. Section 24.61 are very safe fixed rate income instruments. Federally insured accounts are a glaring omission to the list of authorized investments. I suggest that §24.61(11) be added which provides that BCPL may invest in Institutional Accounts which are insured by a federal entity such as the Federal Deposit Insurance Corporation.
- §24.61(2)(b) currently requires BCPL bonds to be held by DOA. However, it is our understanding that DOA no longer performs this service as most bonds are now held in the “street name” of the brokerage house for the benefit of the purchaser which in this case would be BCPL. I suggest that this statute either be deleted or amended to provide that All bonds, notes, and other securities purchased under par.a shall be held as determined by the board.



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

In
6/22

revenue obligation trust fund loans ✓

D-N

regen. cat.

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AN ACT to amend 60.85 (1) (h) 1. b., 66.1105 (2) (f) 1. b. and 66.1106 (1) (c); and
 to create 24.61 (3) (a) 2g., 24.61 (3) (a) 2m., 24.61 (3) (a) 2r., 24.61 (3) (a) 5m.,
 24.61 (3) (be), 24.61 (3) (bg) and 60.77 (5) (L) of the statutes; relating to:
 expanding the types of loans that ^{authorizing} the Board of Commissioners of Public Lands
~~may offer~~ ^{to} to certain ^{or municipalities} local governments ~~and authorizing tax incremental~~
~~districts, environmental remediation tax incremental districts, and town~~
~~sanitary districts to refinance certain debt with such loans.~~

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

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:

8

SECTION 1. 24.61 (3) (a) 2g. of the statutes is created to read:

1 24.61 (3) (a) 2g. A city or village for the purpose of refinancing project costs for
2 a project within a tax incremental district under s. 66.1105.

3 **SECTION 2.** 24.61 (3) (a) 2m. of the statutes is created to read:

4 24.61 (3) (a) 2m. A city, village, town, or county for the purpose of refinancing
5 project costs for a project within an environmental remediation tax incremental
6 district under s. 66.1106.

7 **SECTION 3.** 24.61 (3) (a) 2r. of the statutes is created to read:

8 24.61 (3) (a) 2r. A town for the purpose of refinancing project costs for a project
9 within a tax incremental district under s. 60.85.

10 **SECTION 4.** 24.61 (3) (a) 5m. of the statutes is created to read:

11 24.61 (3) (a) 5m. A town sanitary district created under s. 60.71 to refinance
12 existing debt or to carry out any of the district's duties under s. 60.77 (4).

13 **SECTION 5.** 24.61 (3) (be) of the statutes is created to read:

14 24.61 (3) (be) *Loans to political subdivisions, town sanitary districts.* Subject
15 to par. (bg), the board may establish specific requirements and conditions for loaning
16 moneys under par. (a) 2g., 2m., 2r., and 5m.

17 **SECTION 6.** 24.61 (3) (bg) of the statutes is created to read:

18 24.61 (3) (bg) *Distressed or severely distressed tax incremental districts.* If the
19 board receives a request to make a loan under par. (a) 2g. for the purpose of
20 refinancing project costs for distressed or severely distressed tax incremental
21 districts under s. 66.1105 (4e), the board shall approve the loan if the board
22 determines, based on the most recent department of revenue allocation of tax
23 increments under s. 66.1105 (4e) (d) 1., that such tax increments are sufficient to
24 service the loan and the district's other obligations. In addition, all of the following
25 terms and conditions apply to the loan:

- 1 1. The loan may not include a requirement for a reserve fund.
- 2 2. The ratio of tax increment allocations under s. 66.1105 (4e) (d) 1. to the sum
3 of the debt service on the loan and the district's other obligations is no greater than
4 1.10 to 1.0.
- 5 3. The interest rate on the loan may be no greater than 1 percent higher than
6 the rate available, on the day of the loan's origination, to the city or village that
7 created the district, for a general obligation secured loan with a term of 11 to 20 years.
- 8 4. The loan shall be amortized over a term equal to the maximum number of
9 years remaining in the life of the district.

****NOTE: This subd. 4. is drafted according to your instructions, but I'm not sure it works. A distressed or severely distressed TID may terminate before the maximum number of years that it is authorized to exist. See s. 66.1105 (4e) (d) 2. for the maximum number of years that a TID may exist, compared to the possibility that it may terminate earlier, as authorized in s. 66.1105 (4e) (d) 3. a. A TID would not terminate before all of its debts are paid, unless the years of its existence max out under the statutes before it is able to pay all of its debts, but linking the amortization schedule to the maximum number of years the TID could exist may set an unnecessarily long amortization schedule.

****NOTE: I did not draft your instruction requiring that the TID make prepayments (I assume you mean on the BCPL loan) with excess revenues after all debt service obligations are paid because I believe that current law already provides for this. See s. 66.1105 (4e) (g).

10 **SECTION 7.** 60.77 (5) (L) of the statutes is created to read:

11 60.77 (5) (L) Obtain a loan under s. 24.61 (3) (a) 5m. to carry out any of the
12 district's duties under sub. (4) or to refinance existing debt that was incurred for such
13 purposes. The district shall repay any debt incurred under this paragraph through
14 sewage service charges and water services charges that are imposed under par. (e).

15 **SECTION 8.** 60.85 (1) (h) 1. b. of the statutes is amended to read:

16 60.85 (1) (h) 1. b. Financing costs, including, but not limited to, all interest paid
17 to holders of evidences of indebtedness issued to pay for project costs, refinancing
18 costs incurred through a loan under s. 24.61 (3) (a) 2r., and any premium paid over

1 the principal amount of the obligations because of the redemption of the obligations
2 prior to maturity.

3 **SECTION 9.** 66.1105 (2) (f) 1. b. of the statutes is amended to read:

4 66.1105 (2) (f) 1. b. Financing costs, including, but not limited to, all interest
5 paid to holders of evidences of indebtedness issued to pay for project costs,
6 refinancing costs incurred through a loan under s. 24.61 (3) (a) 2g., and any premium
7 paid over the principal amount of the obligations because of the redemption of the
8 obligations prior to maturity.

9 **SECTION 10.** 66.1106 (1) (c) of the statutes is amended to read:

10 66.1106 (1) (c) "Eligible costs" means capital costs, financing costs, refinancing
11 costs incurred through a loan under s. 24.61 (3) (a) 2m., and administrative and
12 professional service costs, incurred or estimated to be incurred by a political
13 subdivision, for the investigation, removal, containment, or monitoring of, or the
14 restoration of soil, air, surface water, sediments, or groundwater affected by,
15 environmental pollution, including monitoring costs, cancellation of delinquent
16 taxes if the political subdivision demonstrates that it has not already recovered such
17 costs by any other means, property acquisition costs, demolition costs including
18 asbestos removal, and removing and disposing of underground storage tanks or
19 abandoned containers, as defined in s. 292.41 (1). For any parcel of land "eligible
20 costs" shall be reduced by any amounts received from persons responsible for the
21 discharge, as defined in s. 292.01 (3), of a hazardous substance on the property to pay
22 for the costs of remediating environmental pollution on the property, by any amounts
23 received, or reasonably expected by the political subdivision to be received, from a
24 local, state, or federal program for the remediation of contamination in the district
25 that do not require reimbursement or repayment, and by the amount of net gain from

1 the sale of the property by the political subdivision. "Eligible costs" associated with
2 groundwater affected by environmental pollution include investigation and
3 remediation costs for groundwater that is located in, and extends beyond, the
4 property that is being remediated.

5

(END)

INSERT

D-note



2011-2012 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0826/P2ins.
RNK&MES:.....

INSERT

1 SECTION 1. 24.60 (1w) of the statutes is created to read:

2 24.60 (1w) "General obligation trust fund loan" means a state trust fund loan
3 that is the general obligation of the borrower.

4 SECTION 2. 24.60 (2g) of the statutes is created to read:

5 24.60 (2g) "Revenue" has the meaning given in s. 66.0621 (1) (c).

6 SECTION 3. 24.60 (2m) of the statutes is created to read:

7 24.60 (2m) "Revenue obligation trust fund loan" means a state trust fund loan
8 that is based upon a pledge of revenue generated by the activity for which the loan
9 is made.

10 SECTION 4. 24.61 (2) (a) 3. of the statutes is amended to read:

11 24.61 (2) (a) 3. Bonds of, notes, or other instruments of indebtedness issued
12 by this state.

History: 1971 c. 154; 1973 c. 114; 1975 c. 224; 1979 c. 34 s. 2102 (22) (a); 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.61; 1983 a. 196; 1983 a. 207 ss. 2, 95; 1983 a. 423; 1985 a. 49; 1985 a. 332 s. 251 (3); 1987 a. 76, 197; 1989 a. 31; 1991 a. 269; 1993 a. 16, 263, 399; 1995 a. 27, 56, 227; 1997 a. 27; 1999 a. 65, 83; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16; 2003 a. 33; 2005 a. 25, 335, 352; 2007 a. 20, 97; 2009 a. 28.

13 SECTION 5. 24.61 (2) (a) 11. of the statutes is created to read:

14 24.61 (2) (a) 11. Financial institution accounts that are insured by a deposit
15 insurance corporation, as defined in s. 214.01 (1) (h).

16 SECTION 6. 24.61 (2) (b) (title) of the statutes is repealed and recreated to read:

17 24.61 (2) (b) (title) Manner for holding securities *move*

18 SECTION 7. 24.61 (2) (b) of the statutes is amended to read:

19 24.61 (2) (b) ~~Deposited with secretary of administration~~ *strike* All bonds, notes, and
20 other securities purchased under par. (a) shall be deposited with the secretary of
21 administration held in a manner determined by the board. *plain period*

History: 1971 c. 154; 1973 c. 114; 1975 c. 224; 1979 c. 34 s. 2102 (22) (a); 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.61; 1983 a. 196; 1983 a. 207 ss. 2, 95; 1983 a. 423; 1985 a. 49; 1985 a. 332 s. 251 (3); 1987 a. 76, 197; 1989 a. 31; 1991 a. 269; 1993 a. 16, 263, 399; 1995 a. 27, 56, 227; 1997 a. 27; 1999 a. 65, 83; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16; 2003 a. 33; 2005 a. 25, 335, 352; 2007 a. 20, 97; 2009 a. 2, 28.

22 SECTION 8. 24.61 (3) (c) of the statutes is repealed.



INSERT
CONT

1 SECTION 9. 24.61 (3) (d) of the statutes is repealed.

2 SECTION 10. 24.61 (4) (title) of the statutes is amended to read:

3 24.61 (4) (title) LOAN LIMITATIONS TO COUNTIES.

History: 1971 c. 154; 1973 c. 114; 1975 c. 224; 1979 c. 34 s. 2102 (22) (a); 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.61; 1983 a. 196; 1983 a. 207 ss. 2, 95; 1983 a. 423; 1985 a. 49; 1985 a. 332 s. 251 (3); 1987 a. 76, 197; 1989 a. 31; 1991 a. 269; 1993 a. 16, 263, 399; 1995 a. 27, 56, 227; 1997 a. 27; 1999 a. 65, 83; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16; 2003 a. 33; 2005 a. 25, 335, 352; 2007 a. 20, 97; 2009 a. 2, 28.

4 SECTION 11. 24.63 (1) of the statutes is renumbered 24.63 (1) (a) and amended
5 to read:

6 24.63 (1) (a) LOANS OTHER THAN TO SCHOOL DISTRICTS. A state general obligation
7 trust fund loan, other than a loan to a school district, may be made for any term not
8 exceeding 20 years and may be made payable in installments. A state general
9 obligation trust fund loan to a municipality other than a school district shall be in
10 an amount which does not, together with all other indebtedness of the municipality
11 applying for the loan, exceed 5% of the valuation of the taxable property within the
12 municipality as equalized for state purposes. If a state general obligation trust fund
13 loan is made to pay off existing indebtedness, it may be advanced to the borrower in
14 installments as fast as the indebtedness or the evidence of indebtedness is canceled.

History: 1975 c. 224, 422; 1979 c. 221; 1981 c. 169; Stats. 1981 24.63; 1983 a. 423; 1985 a. 225; 1987 a. 76; 1995 a. 27; 1999 a. 9; 2001 a. 16, 104; 2009 a. 2.

15 SECTION 12. 24.63 (1) (b) of the statutes is created to read:

16 24.63 (1) (b) A revenue obligation trust fund loan to a municipality may be
17 made for any term not exceeding 30 years and may be made payable in installments.
18 The amount of a revenue obligation trust fund loan to a municipality that is based
19 upon a pledge of revenue pledged by a tax incremental district under s. 66.1333 may
20 not exceed an amount that would require the borrower to make annual payments,
21 including principal, amortization, and interest, that exceed an amount equal to 80
22 percent of the projected annual state aid and or shared revenue received by the
23 borrower during the term of the loan.



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LRB-0826/P2ins.
RNK&MES:.....

****NOTE: This language needs additional drafting. I don't think that the cross-reference to s. 66.1333 is the correct cross-reference. I also do not understand what is meant by "state aid" given that there are various types of state aid under current law. *
Can you provide more information? there

1 SECTION 13. 24.66 (1) (intro.) of the statutes is amended to read:

2 24.66 (1) FOR ALL MUNICIPALITIES. (intro.) No trust fund loan may be made
3 unless an application is made to the board under this section. The application shall
4 state the amount of money required, the purpose to which it is to be applied, the times
5 and terms of repayment, ~~whether the loan is sought for an educational technology~~
6 ~~or distance education project under s. 24.61 (3) (d), and, in the case of a cooperative~~
7 educational service agency, the names of the school districts participating in the
8 distance education project for which the loan is sought. If the application is for a
9 revenue obligation trust fund loan, the application shall state the expected revenues
10 from which the loan is to be repaid, shall include the applicant's pledge of those
11 revenues to repay the loan, and shall state the amount of annual state aid and shared
12 revenue the applicant anticipates receiving. The application shall be accompanied
13 by satisfactory proof of all of the following:

History: 1979 c. 221, 355; 1981 c. 169; Stats. 1981 s. 24.66; 1983 a. 196, 423; 1985 a. 49, 218, 225; 1987 a. 76, 79; 1995 a. 27, 227, 417; 1997 a. 27; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2001 a. 30 s. 108; 2007 a. 20; 2009 a. 2, 28.

14 SECTION 14. 24.66 (1) (a) of the statutes is amended to read:

15 24.66 (1) (a) ~~Of~~ If the application is for a general obligation trust fund loan, the
16 valuation of all the taxable property within the municipality as equalized for state
17 purposes;

History: 1979 c. 221, 355; 1981 c. 169; Stats. 1981 s. 24.66; 1983 a. 196, 423; 1985 a. 49, 218, 225; 1987 a. 76, 79; 1995 a. 27, 227, 417; 1997 a. 27; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2001 a. 30 s. 108; 2007 a. 20; 2009 a. 2, 28.

18 SECTION 15. 24.66 (1) (b) of the statutes is amended to read:

19 24.66 (1) (b) ~~Of all~~ All the existing indebtedness of the municipality; and

History: 1979 c. 221, 355; 1981 c. 169; Stats. 1981 s. 24.66; 1983 a. 196, 423; 1985 a. 49, 218, 225; 1987 a. 76, 79; 1995 a. 27, 227, 417; 1997 a. 27; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2001 a. 30 s. 108; 2007 a. 20; 2009 a. 2, 28.

20 SECTION 16. 24.66 (1) (c) of the statutes is amended to read:



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CONT

1 24.66 (1) (c) ~~Of the~~ [✓]The approval of the application as required by subs. (2) to
2 (4).

History: 1979 c. 221, 355; 1981 c. 169; Stats. 1981 s. 24.66; 1983 a. 196, 423; 1985 a. 49, 218, 225; 1987 a. 76, 79; 1995 a. 27, 227, 417; 1997 a. 27; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2001 a. 30 s. 108; 2007 a. 20; 2009 a. 2, 28.

3 **SECTION 17.** 24.66 (3m) of the statutes is amended to read:

4 **24.66 (3m)** FOR EDUCATIONAL TECHNOLOGY OR DISTANCE EDUCATION LOANS. An
5 application by a county, city, village or town to undertake an educational technology
6 or distance education project, ~~or by a consortium that includes a county, city, village~~
7 ~~or town under s. 24.61 (3) (d)~~ [✓] shall be accompanied by a resolution of the county or
8 municipal library board for that county, city, village or town, ~~or the county or~~
9 ~~municipal library board of each county, city, village or town participating in the~~
10 ~~consortium,~~ requesting the county, city, village or town to apply for the loan for the
11 purpose of conducting an educational technology or distance education project.

History: 1979 c. 221, 355; 1981 c. 169; Stats. 1981 s. 24.66; 1983 a. 196, 423; 1985 a. 49, 218, 225; 1987 a. 76, 79; 1995 a. 27, 227, 417; 1997 a. 27; 1999 a. 150 s. 672; 1999 a. 182; 2001 a. 16; 2001 a. 30 s. 108; 2007 a. 20; 2009 a. 2, 28.

12 **SECTION 18.** 24.68 of the statutes is amended to read:

13 **24.68 Payment of state trust fund loans.** All the taxable property in any
14 municipality which obtains a general obligation [✓] trust fund loan shall stand charged
15 for the payment of the principal and interest on that loan.

History: 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.68; 1987 a. 378.

16 **SECTION 19.** 24.70 (3) of the statutes is amended to read:

17 **24.70 (3)** AMOUNT ADDED TO MUNICIPAL LEVY. Upon receipt of a certified
18 statement by a municipal clerk, the municipal clerk shall then cause the amount to
19 be added to the municipal levy and collected in the same manner as the municipal
20 tax except the amount for the state trust fund loan shall be separately designated.
21 Upon receipt of a certified statement by a school district clerk from a cooperative
22 educational service agency, the clerk shall cause the amount for which the district
23 is responsible under s. 24.61 (7) to be added to the school district levy and collected



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1 in the same manner as the school district tax, except that the amount for the loan
2 shall be separately stated. This subsection does not apply to revenue obligation trust
3 fund loans.

History: 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.70; 1987 a. 185, 378; 1995 a. 27; 2001 a. 16; 2003 a. 33; 2007 a. 20; 2009 a. 2, 28.

4 **SECTION 20.** 24.70 (6) of the statutes is amended to read:

5 24.70 (6) FAILURE TO MAKE PAYMENTS. If any municipality fails to remit the
6 amount due by the date specified under sub. (4), the board ~~may~~ shall file a certified
7 statement of the delinquent amount with the department of administration. The
8 secretary of administration shall collect the amount due, including any penalty, by
9 deducting that amount from any state payments due the municipality and, shall
10 notify the treasurer and the board of that action, and shall immediately remit to the
11 board any amounts deducted from any state payments due to the municipality.

History: 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.70; 1987 a. 185, 378; 1995 a. 27; 2001 a. 16; 2003 a. 33; 2007 a. 20; 2009 a. 2, 28.

12 **SECTION 21.** 24.71 (5) of the statutes is amended to read:

13 24.71 (5) FAILURE TO MAKE PAYMENT. If the school district treasurer fails to remit
14 the amounts due under sub. (4), the state superintendent, upon certification of
15 delinquency by the board, shall deduct the amount due including any penalty from
16 any school aid payments due the school district, shall remit such amount to the
17 ~~secretary of administration~~ board and, no later than June 15, shall notify the school
18 district treasurer ~~and the board~~ to that effect.

History: 1971 c. 262; 1973 c. 90; 1979 c. 221; 1981 c. 169; Stats. 1981 s. 24.71; 1987 a. 185; 1995 a. 27 s. 9145 (1); 1997 a. 27; 2003 a. 33; 2009 a. 2.

19 **SECTION 22.** 24.715 (4) of the statutes is amended to read:

20 24.715 (4) FAILURE TO MAKE PAYMENT. If the system board fails to remit the
21 amounts due under sub. (3), the state superintendent, upon certification of
22 delinquency by the board, shall deduct the amount due, including any penalty, from
23 any aid payments due the system, shall remit such amount to the state treasurer



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1 board and, no later than June 15, shall notify the system board ~~and the board~~ to that
2 effect.

History: 2001 a. 16, 104; 2009 a. 2.

3 **SECTION 23.** 24.716 (4) [✓] of the statutes is amended to read:

4 24.716 (4) FAILURE TO MAKE PAYMENT. If the district board fails to remit the
5 amounts due under sub. (3), the secretary of administration, upon certification of
6 delinquency by the board of commissioners of public lands, shall deduct the amount
7 due, including any penalty, from any state aid payments due the district, shall remit
8 such amount to the ~~secretary of administration~~ board, [✓] and, no later than June 15,
9 shall notify the district board ~~and the board~~ to that effect. [✓]

History: 2007 a. 20; 2009 a. 2.

10 **SECTION 24.** 24.717 (4) [✓] of the statutes is amended to read:

11 24.717 (4) FAILURE TO MAKE PAYMENT. If the local professional baseball park
12 district board fails to remit the amounts due under sub. (3), the secretary of
13 administration, upon certification of delinquency by the board of commissioners of
14 public lands, shall deduct the amount due, including any penalty, from any state
15 payments due the district, shall remit such amount to the ~~secretary of~~
16 ~~administration~~ board, and, no later than June 15, shall notify the district board and
17 the board of commissioners of public lands to that effect.

History: 2009 a. 28.

18 **SECTION 25.** 121.07 (1) (a) [✓] of the statutes is amended to read:

19 121.07 (1) (a) The membership of the school district in the previous school year
20 and the shared cost for the previous school year shall be used in computing general
21 aid. If a school district has a state trust fund loan as a result of s. 24.61 (3) (c) 2., the



INSERT
CONT

- 1 ~~school district's debt service costs shall be based upon current school year costs for~~
- 2 ~~the term of the loan and for one additional school year.~~ ✓

History: 1971 c. 125; 1973 c. 61, 90, 190, 333; 1975 c. 39; 1977 c. 29, 178, 418; 1979 c. 34, 221; 1981 c. 20, 317, 385; 1983 a. 27, 212; 1985 a. 29; 1987 a. 27; 1989 a. 31, 114, 309, 336, 359; 1991 a. 39, 269, 315; 1993 a. 16, 437; 1995 a. 27 ss. 4046m to 4064, 9145 (1); 1997 a. 27, 113, 286; 1999 a. 9, 17; 2001 a. 16, 109; 2003 a. 33; 2005 a. 25; 2009 a. 28.

(end insert)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0826/P2dn

RNK: ^:...

date

Jld

This redraft remains in preliminary form.[✓] Please note the following:

1. The instructions for this redraft included a request to define the term "revenue" in the draft and suggested using the definition in s. 66.0621. It is not clear to me whether the various cross-references[✓] in that definition are relevant for the purposes of this draft. Please look closely at that definition to make sure that the cross-references are relevant.

2. The instructions for this draft refer, in several places, to "TIF districts" under s. 66.1333.[✓] Under current law, the tax incremental financing law is generally established under s. 66.1105.[✓] Did you intend to refer to s. 66.1105[✓] in your instructions?

* 3. Your instructions indicate that the revenue obligation trust fund loans that will be made as provided in this draft will be based on a pledge of revenue generated "through TIF districts"[?] Could you provide more information on the manner in which such revenue might be generated? Without this information, it is difficult to know whether any other statutes may require amending to achieve the purpose of this draft.

4. This draft does not include the requested "clean up" language for the items concerning advanced refunding, the execution of municipal obligations, and ch. 67 exemptions (which appear at the bottom of page 4 and the top of page 5 of the instructions for this redraft). Marc Shovers, who drafts in the area of local government, and I will need additional explanation with regard to those items in order to include them in the next version of the draft. After you have had an opportunity to review this version of the draft, we would be happy to talk with you about those items so that we can add them to the draft.

RNK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0826/P2dn
RNK:jld:rs

July 1, 2011

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