

State of Misconsin 2013 - 2014 LEGISLATURE



## 2013 SENATE BILL 555

February 3, 2014 – Introduced by Senator LASSA, cosponsored by Representative KRUG. Referred to Committee on Economic Development and Local Government.

1 AN ACT to create 66.1105 (6) (e) 1. f. of the statutes; relating to: authorizing the 2 village of Biron to allocate positive tax increments from Tax Incremental 3 District Number 2 in the village to Tax Incremental District Number 3 in the 4 village.

## Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project

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costs of the TID. The project costs of a TID, which are initially incurred by the creating city or village, may include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created.

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Under certain limited circumstances, a TID that has paid off all of its project costs but has not reached its mandatory termination date may become a donor TID, continue to receive tax increments, and forward those increments to a recipient TID created by the same city or village.

This bill creates an exception that allows TID Number 2 in the village of Biron to allocate its positive tax increments to TID Number 3 in the village.

For further information see the *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:

- **SECTION 1.** 66.1105 (6) (e) 1. f. of the statutes is created to read:
- 2 66.1105 (6) (e) 1. f. Notwithstanding subd. 1. b. and subject to subd. 1. a. and
- 3 d., the planning commission of the village of Biron may amend, under sub. (4) (h), the
- 4 project plan of Tax Incremental District Number 2 in the village to allocate positive
- 5 tax increments generated by that district to Tax Incremental District Number 3 in

6 the village.

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(END)