

2013 DRAFTING REQUEST

Bill

Received: **5/23/2013**
Wanted: **As time permits**
For: **Paul Farrow (608) 266-9174**
May Contact:
Subject: **Local Gov't - tax incr financing**

Received By: **emueller**
Same as LRB:
By/Representing: **Scott Rausch**
Drafter: **emueller**
Addl. Drafters:
Extra Copies: **MES**

Submit via email: **YES**
Requester's email: **Sen.Farrow@legis.wisconsin.gov**
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Extend maximum life of TID No. 1 in village of Wales

Instructions:

See attached

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>
/?	emueller 6/10/2013	kfollett 6/10/2013	jfrantze 6/10/2013	_____			
/1				_____	mbarman 6/10/2013	mbarman 6/12/2013	Local

FE Sent For:

→ At Intro. <END>

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/?	emueller	1/15/13	[Signature]	[Signature]			
/1	ΣUM 6/10/13	6/10	[Signature]	[Signature]			

FE Sent For:

<END>

Shovers, Marc

From: Rausch, Scott
Sent: Friday, May 03, 2013 1:14 PM
To: Shovers, Marc; Mueller, Eric
Subject: Bill Draft Request
Attachments: 201305031310.pdf

Marc & Eric,

Please see the attached Bill Request Form and accompanying documents. Thank you for your assistance with this request.

Regards,

Scott Rausch
Office of Senator Paul Farrow

Bill Request Form

Legislative Reference Bureau
One East Main Street, Suite 200
Legal Section 266-3561

You may use this form or talk directly with the LRB attorney who will draft the bill.

Date MAY 3, 2013

Legislator, agency, or other person requesting this draft SEN. PAUL FARROW

Person submitting request (name and phone number) SCOTT RAUSCH (6-9174)

Persons to contact for questions about this draft (names and phone numbers) _____

Describe the problem, including any helpful examples. How do you want to solve the problem?

EXTEND BY TEN YEARS THE MAXIMUM LIFE OF
TAX INCREMENTAL DISTRICT No. 1 IN THE
VILLAGE OF WALES. SIMILAR TO 2009 SENATE BILL
132 ; 2009 WIS. ACT 67.

SEE ATTACHMENT.

Please attach a copy of any correspondence or other material that may help us. If you know of any statute sections that might be affected, list them or provide a marked-up copy.

You may attach a marked-up copy of any LRB draft or provide its number (e.g., 2010 LRB-2345/1 or 2009 AB-67).

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you? YES NO

If yes:

Anyone who asks? YES NO

Any legislator? YES NO

Only the following persons REP. CHRIS KAPENHA

Do you consider this request urgent? YES NO

Should we give this request priority over any pending request of this legislator, agency, or person?

YES NO

VILLAGE OF WALES
129 WEST MAIN STREET • PO BOX 47
WALES, WISCONSIN 53183
PHONE (262) 968-3968 • FAX (262) 968-5649

Situation

The Village of Wales created Tax Incremental District No. 1 (the "District") in 2006. The District is "Mixed Use" with a maximum statutory life of twenty years. It must terminate not later than July 10, 2026, and the Village must make all expenditures that it wishes to recover with tax increments no later than July 10, 2021. The original District boundaries generally included existing commercial properties and developable residential lands located northeast, southeast and southwest of the intersection of State Trunk Highway 83 and U.S. Route 18. In 2007, the Village amended the boundaries of the District to include developable commercial property located northwest of this intersection.

The principal purpose for the District was to pay the cost for providing sanitary sewer service that would be needed to allow for full development of the District area. While some commercial development did occur, a proposed large scale condominium development that provided the impetus for creating the District in 2006 was first delayed and then ultimately abandoned due to economic crisis that followed. Since the condominium project would have been the most significant source of tax revenue for the District, the Village was unable to proceed with the sanitary sewer extension project.

Provision of sanitary sewer service to the Village will require construction of approximately 4.8 miles of force main sewer to connect to the City of Waukesha's sanitary sewer system. Current estimated costs for completion the project are \$5.58 million. Given this cost, it is not possible for the Village to undertake the project without use of Tax Incremental Financing.

It is important to note the sanitary sewer service will also allow Kettle Moraine School District to connect thereby eliminating its reliance on its current highly inefficient and costly holding tanks.

Problem

Provision of sanitary sewer service to the area remains a priority for the Village as further development cannot occur without it. Since nearly seven years have elapsed since the District was first created, the prospects of it being able to finance the costs of the sewer project diminish annually due to the shortened time horizon that remains.

To make the sewer extension project and associated potential development viable, the Village needs the ability to extend the life of the District to provide a longer time frame over which to attract development, complete the project, and recover the project costs.

Existing Law Allowing for Extension of District Life

Existing law provides two options for extending the life of this District; however, neither provision is both applicable and suitable for the reasons indicated.

Three-Year Extension. Wisconsin Statutes Section 66.1105(7)(am)2. provides the Joint Review Board with the authority to extend the maximum life of a Mixed Use District for three years. The Village does not anticipate that three additional years of increment would be sufficient to make the sewer project feasible.



The Red Dragon is one of the national symbols of Wales and is seen on the Welsh flag. Merlin the magician is reported as telling his King, on finding two dragons fighting, "The white dragon is the Saxon, the red dragon is Cymru, and so they will fight, the red against the white, until at last the dragon of Wales is triumphant over the dragon of the Saxons." Others say the Welsh Dragon is directly descended from the griffin of the Romans and the Welsh national flag is therefore the oldest on earth. It should be noted that the Welsh dragon has three feet on the ground, while the English dragon stands on two feet.

Ten-Year Extension/Distressed TID. Wisconsin Statutes Section 66.1105(4e) allows a municipality to declare a district "distressed" and to request Joint Review Board approval of a ten-year extension to its maximum life. To meet the "distressed" criteria, it must be demonstrated that based on present and projected cash flows that the district will be unable to recover its project costs without the benefit of the time extension. Since the Village has not yet undertaken the sewer project, it would not qualify for the designation as there is no "distress" present. Additionally, designation of a district as distressed imposes other limitations that would be counter-productive to the Village's objective of encouraging development within the area.

Other Alternatives

The current base value is extremely advantageous. While the Village could elect to terminate the current District and create a new one, effectively resetting the clock, it would lose the current base value which would be very detrimental. The present District is generating approximately \$200,000 per year in tax increment revenue, and has accumulated a cash balance of approximately \$400,000 as of the year ending 2012. These tax increments are being generated from commercial development that has been able to take place utilizing temporary on-site sewage handling, but which ultimately needs to connect to a municipal sanitary sewer system. Since these existing developments require and will benefit from a sewer system, the Village needs to utilize the present and future tax increment revenues from these sites to make the project viable. If the Village were to close the exiting District, both the accumulated and future tax increment revenue collections for this area would be forfeited. The Village also may need to re-open existing agreements already in place, such as the waste-water treatment agreement, which took much time and effort to conclude initially.

Request

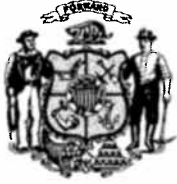
The Village is requesting that legislation be enacted extending the latest allowable termination date of Tax Incremental District No. 1 by a period of ten years, from July 10, 2026 to July 10, 2036, and extending the end of its expenditure period from July 10, 2021 to July 10, 2026.

There is precedent for this request. 2009 Wisconsin Act 67 extended by ten years the maximum life of Tax Incremental District No. 2 in the City of Racine. The Village is seeking the same consideration afforded Racine.

Tiffany
→ Marinette

17 acres

- 3 lots across from allors
- couple lots by town bank
- condos south of Chase bank
- interest by Madison



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1831/1 2445/1
MES:kjf:ph
Eun:kjf

SENATE

2013 ASSEMBLY BILL 129

In 6/16/13

RMNR

April 4, 2013 - Introduced by Representatives SPIROS and WRIGHT, cosponsored by Senator PETROWSKI. Referred to Committee on State and Local Finance.

By end of Tues 6/11

region

- 1
- 2
- 3
- 4
- 5
- 6

AN ACT to amend 66.1105 (4) (h) 2.; and to create 66.1105 (4) (h) 10., 66.1105

(6) (a) 11. and 66.1105 (6) (am) 2. f. of the statutes; relating to: increasing the

allowable number of project plan amendments, and lengthening the time

during which tax increments may be allocated and expenditures for project

costs may be made for Tax Incremental District Number 3 in the city of

Wausau ^{Wales} _{Wales}

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. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. 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, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

ASSEMBLY BILL 129

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental 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 costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, 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. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

Generally under current law a local planning commission may amend the project plan of a TID, by adding or subtracting territory from the district, not more than four times during the TID's existence.

Under this bill, with regard to TID number ~~21~~ in the ^{village} ~~city~~ of ~~Wales~~, ~~the local~~ ~~planning commission may amend the project plan of the TID not more than five~~ ~~times~~, expenditures for project costs may be made for up to ~~21~~ ³⁷ years after the TID was created, and DOR may allocate tax increments for up to 37 years after the TID's creation.

Wales =

27

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:

- 1 SECTION 1. 66.1105 (4) (h) 2. of the statutes is amended to read:
- 2 66.1105 (4) (h) 2. Except as provided in subs. 4., 5., 7., 8., and 9., and 10., the
- 3 planning commission may adopt an amendment to a project plan under subd. 1. to
- 4 modify the district's boundaries, not more than 4 times during the district's
- 5 existence, by subtracting territory from the district in a way that does not remove
- 6 contiguity from the district or by adding territory to the district that is contiguous
- 7 to the district and that is served by public works or improvements that were created

ASSEMBLY BILL 129

1 as part of the district's project plan. A single amendment to a project plan that both
2 adds and subtracts territory shall be counted under this subdivision as one
3 amendment of a project plan.

4 **SECTION 2.** 66.1105 (4) (h) 10. of the statutes is created to read:

5 66.1105 (4) (h) 10. Notwithstanding the limitation in subd. 2., the planning
6 commission in the city of Wausau may adopt an amendment to a project plan under
7 subd. 1. to modify the boundaries of Tax Incremental District Number 3 not more
8 than 5 times during the district's existence. A single amendment to a project plan
9 that both adds and subtracts territory shall be counted under this subdivision as one
10 amendment of a project plan.

11 **SECTION 3.** 66.1105 (6) (a) ^{12.} (11) of the statutes is created to read:

12 66.1105 (6) (a) ^{12.} (11) Thirty-seven years after the tax incremental district is
13 created if the district is Tax Incremental District Number 3 in the city of Wausau ^{village} = Wales

14 **SECTION 4.** 66.1105 (6) (am) 2. ^{9.} of the statutes is created to read:

15 66.1105 (6) (am) 2. ^{9.} Expenditures for project costs for Tax Incremental District
16 Number 3 in the city of Wausau ^{village} = Wales Such expenditures may be made no later than 37 ²⁷
17 years after the district is created and may be made through 2031 ²⁰²⁶

18

(END)

Parisi, Lori

From: Rausch, Scott
Sent: Tuesday, June 11, 2013 3:40 PM
To: LRB.Legal
Subject: Draft Review: LRB -2445/1 Topic: Extend maximum life of TID No. 1 in village of Wales

Please Jacket LRB -2445/1 for the SENATE. Thank you.

Regards,

Scott Rausch

Office of Senator Paul Farrow