

2013 Senate Bill 252 (LRB -1758)

An Act to amend 66.1105 (4m) (a), 66.1105 (4m) (b) 1., 66.1105 (4m) (b) 2. and 66.1105 (5) (a); and to create 66.1105 (2) (aj) and 66.1105 (5) (h) of the statutes; relating to: authorizing a city or village to require the Department of Revenue to redetermine the value of the tax incremental base of certain tax incremental districts. (FE)

2013

08-16. S. Introduced by Senators **Gudex, L. Taylor, Grothman, Harris, T. Cullen, Olsen and Jauch**; cosponsored by Representatives **Schraa, Hintz, Spiros, Thiesfeldt, Weatherston, Brooks, Ripp, Stone, Kahl, Kolste, Mason, Wright, Jorgensen, Zepnick and Bies.** 335

08-16. S. Read first time and referred to Committee on Workforce Development, Forestry, Mining, and Revenue 335

09-18. S. Public hearing held

09-18. S. Fiscal estimate received

09-25. S. Executive action taken

09-25. S. Report passage recommended by Committee on Workforce Development, Forestry, Mining, and Revenue, Ayes 5, Noes 0 377

09-25. S. Available for scheduling

10-02. S. Representative Ohnstad added as a cosponsor 385

10-07. S. Referred to Joint Committee on Finance by Committee on Senate Organization, pursuant to Senate Rule 41 (1)(e), Ayes 5, Noes 0 390

10-07. S. Withdrawn from joint committee on Finance and made Available for Scheduling by committee on Senate Organization, pursuant to Senate Rule 41 (1)(e), Ayes 5, Noes 0 390

10-07. S. Placed on calendar 10-8-2013 pursuant to Senate Rule 18(1) 390

10-08. S. Read a second time 394

10-08. S. Ordered to a third reading 394

10-08. S. Rules suspended 394

10-08. S. Read a third time and **passed**, Ayes 32, Noes 0 394

10-08. S. Ordered immediately messaged 395

10-09. A. Received from Senate 342

10-22. A. Read first time and referred to committee on State and Local Finance 382

10-30. A. Public hearing held

11-08. A. Assembly Amendment 1 offered by Representative Nass (**LRB a1113**) 425

11-21. A. Senator Lassa added as a coauthor 473

2014

01-22. A. Assembly Amendment 2 offered by Representative Stroebel (**LRB a1494**) 551

01-23. A. Executive action taken

01-30. A. Report Assembly Amendment 2 adoption recommended by Committee on State and Local Finance, Ayes 7, Noes 2 567

01-30. A. Report concurrence as amended recommended by Committee on State and Local Finance, Ayes 9, Noes 0 567

01-30. A. Referred to Committee on Rules 567

02-18. A. Placed on calendar 2-20-2014 by Committee on Rules

02-20. A. Rules suspended to withdraw from calendar and take up 688

02-20. A. Read a second time 688

02-20. A. **Assembly Amendment 2 adopted** 688

02-20. A. Ordered to a third reading 688

02-20. A. Rules suspended 688

02-20. A. Read a third time and **concurred in** as amended 688

02-20. A. Ordered immediately messaged 688

02-21. S. Received from Assembly amended and concurred in as amended, Assembly Amendment 2 adopted 707

02-21. S. Available for scheduling

03-07. S. Placed on calendar 3-11-2014 pursuant to Senate Rule 18(1) 743

03-11. S. Assembly Amendment 2 **concurred in**

03-11. S. Action ordered immediately messaged

SR

2013

ENROLLED BILL

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ADOPTED DOCUMENTS:

Orig Engr SubAmdt

13 - 1758 / 12

Amendments to above (if none, write "NONE"): AA2 - a1494/1

Corrections - show date (if none, write "NONE"): None

Topic Rel

3-12-14
Date


Enrolling Drafter



2013 SENATE BILL 252

August 16, 2013 - Introduced by Senators GUDEX, L. TAYLOR, GROTHMAN, HARRIS, T. CULLEN, OLSEN and JAUCH, cosponsored by Representatives SCHRAA, HINTZ, SPIROS, THIESFELDT, WEATHERSTON, BROOKS, RIPP, STONE, KAHL, KOLSTE, MASON, WRIGHT, JORGENSEN, ZEPNICK and BIES. Referred to Committee on Workforce Development, Forestry, Mining, and Revenue.

1 **AN ACT to amend** 66.1105 (4m) (a), 66.1105 (4m) (b) 1., 66.1105 (4m) (b) 2. and
2 66.1105 (5) (a); and **to create** 66.1105 (2) (aj) and 66.1105 (5) (h) of the statutes;
3 **relating to:** authorizing a city or village to require the Department of Revenue
4 to redetermine the value of the tax incremental base of certain tax incremental
5 districts.

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.

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

SENATE BILL 252

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.

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. If a TID's project plan is amended, current law authorizes DOR to redetermine the TID's tax incremental base. DOR may charge a city or village \$1,000 to determine or redetermine a TID's tax incremental base or, if a project plan amendment both adds and subtracts territory, DOR may impose a fee of \$2,000.

Under this bill, a city or village may adopt a resolution, subject to joint review board approval, and not more than twice during a TID's life, requiring DOR to redetermine the tax incremental base of a TID which is in a decrement situation that has continued for at least two consecutive years. The bill defines decrement situation as a situation in which the current aggregate equalized value of all the taxable property within the TID is at least 10 percent less than the current value of the TID's tax incremental base. DOR may charge the city or village \$1,000 for the redetermination.

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:

1 **SECTION 1.** 66.1105 (2) (aj) of the statutes is created to read:

2 66.1105 (2) (aj) "Decrement situation" means a situation in which the
3 aggregate value, as equalized by the department of revenue, of all taxable property
4 located within a tax incremental district on or about the date on which a resolution
5 is adopted under sub. (5) (h) 1. is at least 10 percent less than the current tax
6 incremental base of that district.

7 **SECTION 2.** 66.1105 (4m) (a) of the statutes is amended to read:

8 66.1105 (4m) (a) Any city that seeks to create a tax incremental district, amend
9 a project plan, have a district's tax incremental base redetermined under sub. (5) (h),
10 or incur project costs as described in sub. (2) (f) 1. n. for an area that is outside of a

SENATE BILL 252

1 district's boundaries, shall convene a temporary joint review board under this
2 paragraph, or a standing joint review board under sub. (3) (g), to review the proposal.
3 Except as provided in par. (am) and (as), and subject to par. (ae), the board shall
4 consist of one representative chosen by the school district that has power to levy taxes
5 on the property within the tax incremental district, one representative chosen by the
6 technical college district that has power to levy taxes on the property within the tax
7 incremental district, one representative chosen by the county that has power to levy
8 taxes on the property within the tax incremental district, one representative chosen
9 by the city, and one public member. If more than one school district, more than one
10 union high school district, more than one elementary school district, more than one
11 technical college district or more than one county has the power to levy taxes on the
12 property within the tax incremental district, the unit in which is located property of
13 the tax incremental district that has the greatest value shall choose that
14 representative to the board. The public member and the board's chairperson shall
15 be selected by a majority of the other board members before the public hearing under
16 sub. (4) (a) or (h) 1. is held. All board members shall be appointed and the first board
17 meeting held within 14 days after the notice is published under sub. (4) (a) or (h) 1.
18 Additional meetings of the board shall be held upon the call of any member. The city
19 that seeks to create the tax incremental district, amend its project plan, have a
20 district's tax incremental base redetermined under sub. (5) (h), or make or incur an
21 expenditure as described in sub. (2) (f) 1. n. for an area that is outside of a district's
22 boundaries shall provide administrative support for the board. By majority vote, the
23 board may disband following approval or rejection of the proposal, unless the board
24 is a standing board that is created by the city under sub. (3) (g).

25 **SECTION 3.** 66.1105 (4m) (b) 1. of the statutes is amended to read:

SENATE BILL 252**SECTION 3**

1 66.1105 (4m) (b) 1. The board shall review the public record, planning
2 documents and the resolution passed by the local legislative body or planning
3 commission under sub. (4) (gm) or (h) 1., or sub. (5) (h) 1. As part of its deliberations
4 the board may hold additional hearings on the proposal.

5 **SECTION 4.** 66.1105 (4m) (b) 2. of the statutes is amended to read:

6 66.1105 (4m) (b) 2. Except as provided in subd. 2m., no tax incremental district
7 may be created and no project plan may be amended unless the board approves the
8 resolution adopted under sub. (4) (gm) or (h) 1., and no tax incremental base may be
9 redetermined under sub. (5) (h) unless the board approves the resolution adopted
10 under sub. (5) (h) 1., by a majority vote within 30 days after receiving the resolution.

11 With regard to a multijurisdictional tax incremental district created under this
12 section, each public member of a participating city must be part of the majority that
13 votes for approval of the resolution or the district may not be created. The board may
14 not approve the resolution under this subdivision unless the board's approval
15 contains a positive assertion that, in its judgment, the development described in the
16 documents the board has reviewed under subd. 1. would not occur without the
17 creation of a tax incremental district. The board may not approve the resolution
18 under this subdivision unless the board finds that, with regard to a tax incremental
19 district that is proposed to be created by a city under sub. (17) (a), such a district
20 would be the only existing district created under that subsection by that city.

21 **SECTION 5.** 66.1105 (5) (a) of the statutes is amended to read:

22 66.1105 (5) (a) Subject to sub. (8) (d), upon the creation of a tax incremental
23 district ~~or~~, upon adoption of any amendment subject to par. (c), or upon the adoption
24 and approval of a resolution under par. (h), its tax incremental base shall be
25 determined or redetermined as soon as reasonably possible. The department of

SENATE BILL 252

1 revenue may impose a fee of \$1,000 on a city to determine or redetermine the tax
 2 incremental base of a tax incremental district under this subsection, except that if
 3 the redetermination is based on a single amendment to a project plan that both adds
 4 and subtracts territory, the department may impose a fee of \$2,000.

5 SECTION 6. 66.1105 (5) (h) of the statutes is created to read:

6 66.1105 (5) (h) 1. Subject to subds. 2. and 3., a local legislative body may adopt
 7 a resolution requiring the department of revenue to redetermine the tax incremental
 8 base of a district that is in a decrement situation that has continued for at least 2
 9 consecutive years.

10 2. A resolution adopted under subd. 1. may not take effect unless it is approved
 11 by a joint review board under sub. (4m), acting as it would if the district's project plan
 12 was to be amended.

13 3. A local legislative body may not adopt a resolution under subd. 1. more than
 14 twice during the life of a tax incremental district.

15 4. Upon approval by a joint review board under subd. 2., the department of
 16 revenue shall redetermine the tax incremental base of the district under par. (a).

17 (END)

INS. AA2-2

INS,
AA2-1



**ASSEMBLY AMENDMENT 2,
TO SENATE BILL 252**

January 22, 2014 - Offered by Representative STROEBEL.

AA 2-1

1 At the locations indicated, amend the bill as follows:

2 1. Page 5, line 6: delete lines 6 to 16 and substitute:

3 ¶66.1105 (5) (h) 1. Subject to subds. 2. and 3. and par. (i), a local legislative body
4 may adopt a resolution requiring the department of revenue to redetermine the tax
5 incremental base of a district that is in a decrement situation that has continued for
6 at least 2 consecutive years.

7 2. A resolution adopted under subd. 1. may not take effect unless it is approved
8 by a joint review board under sub. (4m), acting as it would if the district's project plan
9 was to be amended.

10 3. A local legislative body may not adopt a resolution under subd. 1. more than
11 once during the life of a tax incremental district.

12 4. Upon approval by a joint review board under subd. 2., the department of
13 revenue shall redetermine the tax incremental base of the district under par. (a)."

AA 2-2

1 **2.** Page 5, line 17: before that line insert:

2 ~~SECTION 7m.~~ 66.1105 (5) (i) of the statutes is created to read:

3 66.1105 (5) (i) 1. Before a local legislative body may adopt a resolution
4 described in par. (h) 1., the local legislative body must complete a financial analysis,
5 as described in subd. 2, and must amend the project plan so that at least one of the
6 items specified in subd. 3., 4., or 5. occurs. The starting point for determining a tax
7 incremental district's remaining life, under subds. 4. and 5., is the date on which the
8 joint review board acts under par. (h) 2. and approves the resolution.

9 2. The local legislative body shall conduct a financial analysis of the tax
10 incremental district that includes, in addition to the items specified in sub. (4) (f) and
11 (i) 1., the annual and total amount of tax increments to be generated over the life of
12 the district, and the annual debt service costs on bonds issued by the city. If the city
13 does not have the expertise to complete the requirements of this subdivision, it shall
14 hire an entity which has the needed expertise to complete the financial analysis.

15 3. The project plan specifies that, with regard to the total value of public
16 infrastructure improvements in the district that occur after approval by the joint
17 review board under par. (h) 2., at least 51 percent of the value of such improvements
18 must be financed by a private developer, or other private entity, in return for the city's
19 agreement to repay the developer or other entity for those costs solely through the
20 payment of cash grants as described in sub. (2) (f) 2. d. To receive the cash grants,
21 the developer or other private entity must enter into a development agreement with
22 the city as described in sub. (2) (f) 2. d.

AA2-2

1 4. The project plan specifies that the city expects all project costs to be paid
2 within 90 percent of the tax incremental district's remaining life, based on the
3 district's termination date as calculated under sub. (7) (ak) to (au).

4 5. The project plan specifies that expenditures may be made only within the
5 first half of the tax incremental district's remaining life, based on the district's
6 termination date as calculated under sub. (7) (ak) to (au), except that expenditures
7 may be made after this period if the expenditures are approved by a unanimous vote
8 of the joint review board. No expenditure under this subdivision may be made later
9 than the time during which an expenditure may be made under sub. (6) (am)"}.

10

(END)