



# State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

## Appendix A

### LRB BILL HISTORY RESEARCH APPENDIX

The drafting file for 2013 LRB-1717 (For: Rep. Vos)

has been copied/added to the drafting file for

**2013 LRB-1758** (For: Senator Gudex) (later became SB 252)

Are These "Companion Bills" ??



**RESEARCH APPENDIX -**  
**PLEASE KEEP WITH THE DRAFTING FILE**

Date Transfer Requested: 02/28/2013 (Per: MES)

The attached draft was incorporated into the new draft listed above. For research purposes the attached materials were added, as a appendix, to the new drafting file. If introduced this section will be scanned and added, as a separate appendix, to the electronic drafting file folder.

**2013 DRAFTING REQUEST**

**Bill**

Received: 2/22/2013 Received By: mshovers  
Wanted: As time permits Same as LRB:  
For: Robin Vos (608) 266-9171 By/Representing: Craig  
May Contact: Rebecca Hogan @ Hamilton Group, Drafter: mshovers  
258-9506; Al Runde; Eric Bott @  
Sen. Fitzgerald Addl. Drafters:  
Subject: Local Gov't - tax incr financing Extra Copies: EVM

Submit via email: YES  
Requester's email: Rep.Vos@legis.wisconsin.gov  
Carbon copy (CC) to:

**Pre Topic:**

No specific pre topic given

**Topic:**

Allow redetermination of tax incremental base in certain tax incremental districts (TID)

**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>
/?	mshovers 2/25/2013			_____			
/1		csicilia 2/27/2013	rschluet 2/27/2013	_____	mbarman 2/27/2013		State S&L

FE Sent For:

<END>

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1/1	mshovers	1 gs 2/27	13				
/1 MES 2/25/13							
FE Sent For:							

<END>



Wisconsin Economic Development Association

## Tax Incremental Financing (TIF) Enhancement – Base Value Reduction

**MAIN MESSAGE:** WEDA supports legislation that would allow the Wisconsin Department of Revenue to lower the base value of a specific property within a TIF district when that subject property has been vacant for an extended period of time; when it has been damaged by a natural disaster; or where the property's redevelopment progress has been stalled by market conditions.

**BACKGROUND:** Since 1975, Tax Incremental Financing (TIF) has been one of Wisconsin's primary and most successful economic development tools. Statewide, TIF projects have revitalized urban corridors and bolstered industrial growth among rural areas throughout Wisconsin. Over the years, various TIF related changes have been implemented to reconcile or address shifting marketplace conditions. To respond to challenges associated with the recession, WEDA is urging the Legislature to consider an adjustment to current TIF law.

**ISSUE:** WEDA recommends that under certain pre-approved conditions, the Wisconsin Department of Revenue (DOR) be allowed to reduce a specific property's TIF district base value. When an industrial or commercial property experiences long-term vacancy, when the property has sustained damage from a natural disaster or when a property has been demolished (partially or completely), the base value of the property remains the same, even though the actual value may seriously decline. The discrepancy between this TIF base value and the actual marketplace value often presents a serious redevelopment impediment.

### KEY POINTS:

- By allowing the base value to be reduced, the timeframe associated with a TIF district's ability to generate *new* taxable value would be accelerated.
- The physical land where a vacant, damaged or demolished building resides is often more valuable than the property's actual physical improvements. Unfortunately, the property's TIF base value does not reconcile these market factors; therefore, any new development or reinvestment associated with these properties must generate a substantially higher amount of TIF increment just to reach the established base value.
- Given the anemic economy, allowing for base value adjustments can generate positive TIF Increment more quickly, increase public-private development partnerships, and accelerate the stream of benefits for all of the impacted taxing jurisdictions (e.g. Local Unit of Government, County, Technical College and School District).

*what conditions?  
how many times?  
introduce incentives?*

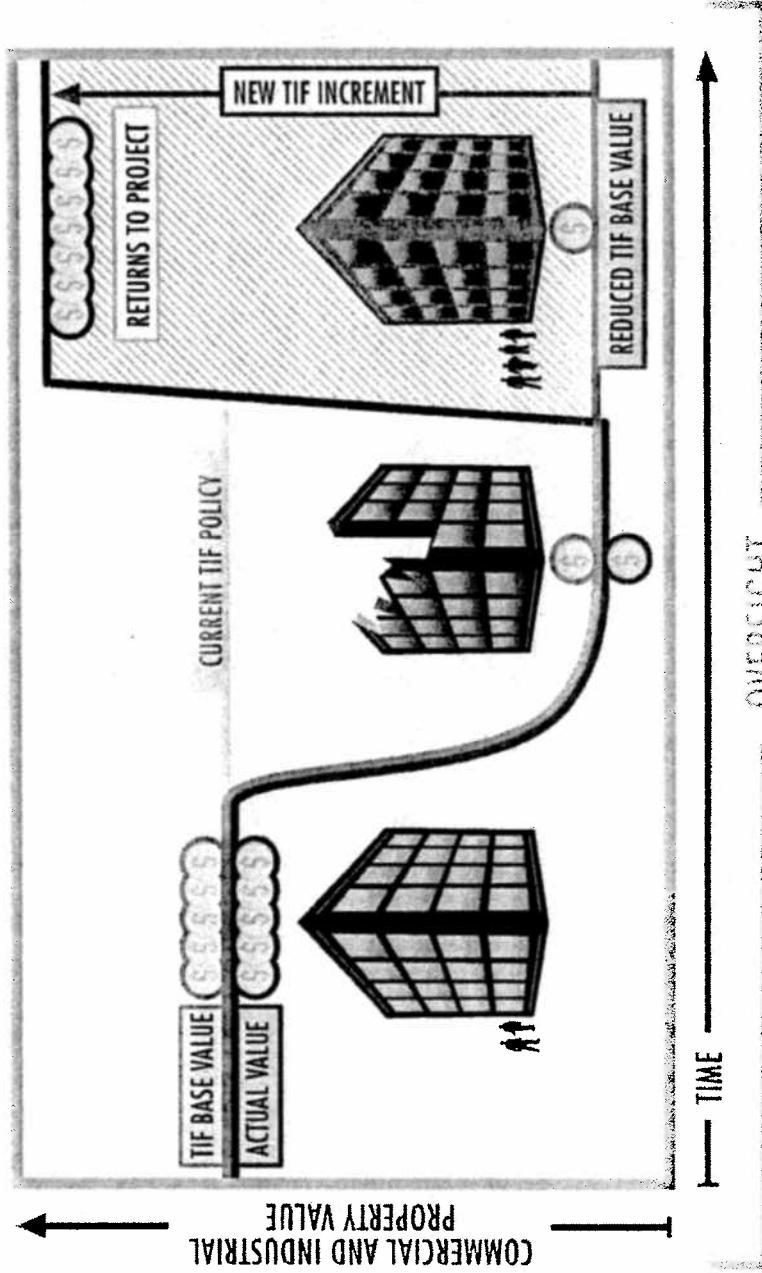
*stays?  
DOR acts on its  
own?*

# TAX INCREMENTAL FINANCING (TIF) ENHANCEMENT BASE VALUE REDUCTION

[a fool to jump start reinvestment in a community]

## BENEFITS INCLUDE

- Facilitate Development
- Promote Adaptive Reuse & Redevelopment
- Foster Public/Private Partnerships
- Accelerate TIF Cash Flow & Job Creation



OVERSIGHT



Wisconsin Economic Development Association  
10 E. Doty St., Ste. 500, Madison, WI 53703  
608.256.6866 | WEDA.org



Graphic design assistance provided by  
Ady Volteedge in coordination with WEDA.  
AdyVolteedge.com

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Studs?

What conditions?

2/22/13 meeting

in Rep. Vos' office

w/ Craig Summerfield, Eric Botz, Al  
Rande, Rebecca Hogan, Michael  
Harrigan of Ehlers Corp., & others.

211 W? 216?

(Sen. Fitzgerald)

Does DOR act on its own? at request of city?

forms? process? Joint Rev. Bd -

DOR charge fees?

How many times can this happen?

Jump start even dead proposed &amp; existing

base value reduction

- 1) prop is vacant for a lot of time <sup>how long</sup>
- 2) prop is damaged by nat disaster <sup>how much</sup>
- 3) mkt value of props have gone down <sup>how much</sup>

current law? remove property amendment (subtract prop)  
 problem from cash flow perspective?  
 cumbersome

overlying taxation dists hurt?

all cities dealing w/ loss; TID cities somewhat shielded

(P2)

for existing TIDs & new TIDs

don't extend life or expand prod

have city adopt res. - no \$ values - just leave it up to locals

govt rev. fund approvals

Gov DOR can redetermine the base

allow DOR to change \$1000, as in the case w/ Am. prog. plan

allow all TIDs to do this

no limit on # of times the process can be used

call ~~David~~ Rebecca Hogan - Hamilton Consulting 258-9506

Drafting instructions

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## **In Support of TIF Enhancement, Base Value Reduction**

**2/21/13**

When Wisconsin Communities create TID's they begin with a certification of the "base value" of all property within the TID Boundary. After certification, any increase in the base value is considered "Increment", the taxes from which would be available to help pay for costs to stimulate the new development itself. Unfortunately, in some cases due to distressed economic conditions, property demolition, damage or environmental issues, the values can and have dropped BELOW the original certified base value of the district as a whole. This creates "negative value" or "*DECREMENT*". Before any increment can begin to occur, it becomes necessary in these cases to generate new value in an amount equal to the decrement BEFORE any capital can be generated to help stimulate the new development itself. This can create a "no win" situation for the community in that it may have a new business or industry that would like to locate in the TID but if the TID itself is in a decrement situation, the value of the new plant or project must first go to "back fill" the decrement before any new TID revenue can be generated. In some cases this can completely wipe out any ability to pay for TID costs or incentives needed to attract the development itself thus creating a stagnant environment for economic development.

Currently there are over 70 communities with TIDs in a decrement position—whose values today are lower than the original base value when the districts were created. The total amount of decrement value that exists in these districts is over \$242,000,000. This means that cumulatively in Wisconsin, there will need to be at minimum of \$242 M in value created in these districts BEFORE, they can generate any new capital available to even begin to help this growth happen!

### **SOLUTION**

The answer here could be a very simple legislative remedy consistent with the recommendation of the Wisconsin Economic Development Association (WEDA). . . A statutory change to require the DOR to re-certify the base value of any district with a decrement to its new actual value so that any new value created will be able to be counted as increment and immediately be available to help stimulate the new growth that is so very important to these communities and the State.

It is recommended that this be authorized as a fundamental change in methodology, not requiring any action by the community or underlying taxing jurisdictions.

This simple change would have an immediate and highly beneficial impact on all of the communities seeking to attract new development---without any significant cost to the State or local property tax payers. (If there are any costs for DOR processing, these could be assessed back to the benefitting TID.)



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## UNDERLYING JURISDICTIONAL IMPACT

The impact to the local taxing jurisdictions is really nil. The reasons are:

- 1.) If the community can't attract new development because it can't offer adequate TIF incentive due to the existence of decrement, no development will occur anyway thus the Jurisdictions are not deprived of the benefit of something that will not otherwise happen.
- 2.) When economic values drop anywhere in a community other than a TID, all of the taxing jurisdictions are impacted by the loss of value. This should be no different within the base of a Tax Increment District.
- 3.) The ultimate impact is expected to be quite positive for all taxing jurisdictions for the same reason that TID's in general are positive. The program helps to create new development that would not otherwise occur as proposed or within the time frames contemplated. This change will accelerate the creation of new increment and, may enable some communities TIDs to succeed that would not otherwise do so, or that would be less successful.

## WISCONSIN TIDs WITH DECUREMENT

(As of 1/1/2012)

<u># of TIF Districts</u>	<u># of Communities</u>	<u>Community</u>	<u>TID #</u>	<u>Decrement</u>
1	1	Algoma	1	(\$666,000)
2	2	Antigo	3	(\$605,000)
3	3	Balsam Lake	5	(\$635,000)
4	4	Baraboo	8	(\$2,093,000)
5			9	(\$40,000)
6	5	Barron	5	(\$97,000)
7	6	Belleville	4	(\$398,000)
8			5	(\$655,000)
9	7	Berlin	15	(\$1,003,000)
10	8	Biron	3	(\$285,000)
11	9	Black Earth	3	(\$236,000)
12			4	(\$524,000)
13	10	Boyceville	3	(\$377,000)
14	11	Brooklyn	1	(\$134,000)
15	12	Caledonia	1	(\$1,387,000)
16			3	(\$705,000)
17	13	Campbellsport	1	(\$75,000)
18	14	Depere	7	(\$2,854,000)
19			8	(\$3,259,000)
20	15	Deerfield	4	(\$391,000)
21	16	DeForest	6	(\$3,155,000)
22			7	(\$291,000)
23	17	Ellsworth	9	(\$103,000)
24	18	Evansville	7	(\$630,000)
25	19	Fennimore	5	(\$507,000)
26	20	Fitchburg	8	(\$428,000)
27	21	Fond Du Lac	13	(\$185,000)
28	22	Granton	1	(\$92,000)
29	23	GreenBay	11	(\$3,434,000)
30			15	(\$5,510,000)
31			16	(\$15,435,000)
32	24	Green Lake	11	(\$156,000)
33	25	Greenfield	3	(\$192,000)
34	26	Gresham	1	(\$270,000)
35	27	Hartland	4	(\$4,997,000)
36	28	Howard	5	(\$592,000)
37		Janesville	28	(\$498,000)
38			30	(\$5,672,000)
39			31	(\$535,000)
40	29	Kaukauna	4	(\$1,459,000)
41			5	(\$2,309,000)
42	30	Kenosha	14	(\$650,000)

List of Communities w Decrement

## WISCONSIN TIDs WITH DECUREMENT

(As of 1/1/2012)

<u># of TIF Districts</u>	<u># of Communities</u>	<u>Community</u>	<u>TID #</u>	<u>Decrement</u>
43	31	Lake Delton	4	(\$7,307,000)
44	32	Luck	2	(\$1,059,000)
45	33	Madison	38	(\$6,778,000)
46			40	(\$23,471,000)
47	34	Marshfield	6	(\$227,000)
48	35	Mayville	4	(\$1,844,000)
49	36	McFarland	4	(\$1,584,000)
50	37	Menasha	12	(\$1,640,000)
51	38	Menomonee Fall	10	(\$6,567,000)
52	39	Mequon	3	(\$471,000)
53	40	Merrill	8	(\$851,000)
54	41	Middleton	5	(\$2,786,000)
55	42	Milwaukee	58	(\$321,000)
56			65	(\$555,000)
57			71	(\$10,451,000)
58			72	(\$6,767,000)
59			74	(\$31,461,000)
60	43	New Holstein	3	(\$2,012,000)
61	44	New Lisbon	12	(\$537,000)
62			13	(\$116,000)
63	45	North Fond Du Lac	2	(\$337,000)
64	46	Oconto	3	(\$1,226,000)
65			4	(\$197,000)
66	47	Onalaska	4	(\$1,143,000)
67	48	Oshkosh	20	(\$3,921,000)
68	49	Osseo	3	(\$300,000)
69	50	Portage	6	(\$2,442,000)
70	51	Racine	10	(\$393,000)
71			11	(\$651,000)
72	52	Random Lake	2	(\$405,000)
73	53	Reedsburg	8	(\$220,000)
74	54	Rice Lake	4	(\$13,653,000)
75	55	Rosendale	1	(\$248,000)
76	56	Sharon	4	(\$154,000)
77	57	Shorewood	3	(\$4,186,000)
78			4	(\$114,000)
79	58	Shorewood Hills	4	(\$540,000)
80	59	Sister Bay	1	(\$4,824,000)
81	60	Somerset	3	(\$336,000)
82			4	(\$952,000)
83	61	Spring Valley	3	(\$352,000)
84	62	Stevens Point	6	(\$2,430,000)

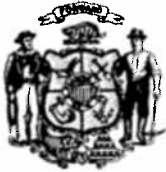
List of Communities w Decrement

## **WISCONSIN TID<sub>s</sub> WITH DECREMENT**

(As of 1/1/2012)

<u># of</u> <u>TIF Districts</u>	<u># of</u> <u>Communities</u>	<u>Community</u>	<u>TID #</u>	<u>Decrement</u>
85			8	(\$593,000)
86	63	Sturgeon Bay	3	(\$376,000)
87	64	Sun Prairie	9	(\$2,021,000)
88			10	(\$10,605,000)
89	65	Superior	11	(\$403,000)
90	66	Twin Lakes	1	(\$1,410,000)
91	67	Union Grove	4	(\$1,526,000)
92	68	Waukesha	16	(\$9,931,000)
93	69	Waupaca	9	(\$248,000)
94	70	West Allis	6	(\$571,000)
95			10	(\$2,116,000)
96			11	(\$3,090,000)
97			12	(\$11,000)
98			13	(\$63,000)
<b>Total Amount of Decrement</b>				<b>(\$242,312,000)</b>

Compiled from Wisconsin DOR Bureau of Equalization "TIF Value Limitation Report"



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-1717??  
MES. ....

*Handwritten initials/signature*

*Handwritten initials 'js'*

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

*WANTED!  
Wed.*

*Gen Cat*  
*[Signature]*

*SA /  
xref*

1 AN ACT ...; relating to: authorizing a city or village to require the department of  
2 R revenue to redetermine the value of the tax incremental base of certain tax  
3 incremental districts.

*the Department of Revenue*

*paren*

**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, 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.

*paren*

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, requiring DOR to redetermine the tax incremental base of a TID which is in a decrement situation. The bill defines decrement situation as a situation in which the current aggregate equalized value of all the taxable property within the TID is less than the value of the TID's tax incremental base on the day on which it was created. 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.

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*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 less than the tax incremental base of that district. ✓

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

7           66.1105 (4m) (a) Any city that seeks to create a tax incremental district, amend  
8           a project plan, have a district's tax incremental base redetermined under sub. (5) (h). ✓  
9           or incur project costs as described in sub. (2) (f) 1. n. for an area that is outside of a  
10          district's boundaries, shall convene a temporary joint review board under this  
11          paragraph, or a standing joint review board under sub. (3) (g), to review the proposal.  
12          Except as provided in par. (am) and (as), and subject to par. (ae), the board shall  
13          consist of one representative chosen by the school district that has power to levy taxes  
14          on the property within the tax incremental district, one representative chosen by the

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

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; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; s. 13.92 (1) (bm) 2., (2) (i).

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

20 **66.1105 (4m) (b) 1.** The board shall review the public record, planning  
 21 documents and the resolution passed by the local legislative body or planning

1 commission under sub. (4) (gm) or (h) 1., or sub. (5) (h) 1. As part of its deliberations  
 2 the board may hold additional hearings on the proposal.

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; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; s. 13.92 (1) (bm) 2., (2) (i).

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

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

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

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; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; s. 13.92 (1) (bm) 2., (2) (i).

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

20 **66.1105 (5) (a)** Subject to sub. (8) (d), upon the creation of a tax incremental  
 21 district *do not strike space* ~~or~~, upon adoption of any amendment subject to par. (c), or upon the adoption  
 22 and approval of a resolution under par. (h), its tax incremental base shall be



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

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; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; s. 13.92 (1) (bm) 2., (2) (i).

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

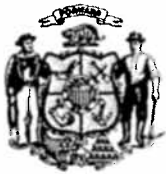
7 **66.1105 (5) (h) 1.** Subject to subd. 2., a local legislative body may adopt a  
8 resolution requiring the department of revenue to redetermine the tax incremental  
9 base of a district that is in a decrement situation.

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

15

(END)



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-1717/1  
MES:cjs:rs

## 2013 BILL

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.

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### *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

**BILL**

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, requiring DOR to redetermine the tax incremental base of a TID which is in a decrement situation. The bill defines decrement situation as a situation in which the current aggregate equalized value of all the taxable property within the TID is less than the value of the TID's tax incremental base on the day on which it was created. 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.

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*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 less than the tax incremental base of that district.

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

7           66.1105 (4m) (a) Any city that seeks to create a tax incremental district, amend  
8           a project plan, have a district's tax incremental base redetermined under sub. (5) (h),  
9           or incur project costs as described in sub. (2) (f) 1. n. for an area that is outside of a  
10          district's boundaries, shall convene a temporary joint review board under this  
11          paragraph, or a standing joint review board under sub. (3) (g), to review the proposal.

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

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

24 66.1105 (4m) (b) 1. The board shall review the public record, planning  
25 documents and the resolution passed by the local legislative body or planning

**BILL****SECTION 3**

1 commission under sub. (4) (gm) or (h) 1., or sub. (5) (h) 1. As part of its deliberations  
2 the board may hold additional hearings on the proposal.

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

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

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

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

20 66.1105 (5) (a) Subject to sub. (8) (d), upon the creation of a tax incremental  
21 district ~~or~~, upon adoption of any amendment subject to par. (c), or upon the adoption  
22 and approval of a resolution under par. (h). its tax incremental base shall be  
23 determined or redetermined as soon as reasonably possible. The department of  
24 revenue may impose a fee of \$1,000 on a city to determine or redetermine the tax  
25 incremental base of a tax incremental district under this subsection, except that if

**BILL**

1 the redetermination is based on a single amendment to a project plan that both adds  
2 and subtracts territory, the department may impose a fee of \$2,000.

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

4 66.1105 (5) (h) 1. Subject to subd. 2., a local legislative body may adopt a  
5 resolution requiring the department of revenue to redetermine the tax incremental  
6 base of a district that is in a decrement situation.

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

12

(END)