

**2019 DRAFTING REQUEST**

**Bill**

For: **Administration-Budget 6-1923** Drafter: **mshovers**  
 By: **Quinn** Secondary Drafters: **emueller**  
**jkreye**  
 Date: **2/17/2019**  
 Same as LRB: May Contact:

Submit via email: **YES**  
 Requester's email:  
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**  
**Erika.Lunder@legis.wisconsin.gov**  
**eric.mueller@legis.wisconsin.gov**

**Pre Topic:**

DOA:.....Quinn, BB0415 -

**Topic:**

Tax increment value reporting error, property tax reimbursement (TID)

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	emueller 2/21/2019	aernstr 2/18/2019	lparisi 2/18/2019		State S&L
/P2		kmochal 2/21/2019	mbarman 2/21/2019		State S&L

FE Sent For: **<END>**

## Shovers, Marc

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**From:** Hanaman, Cathlene  
**Sent:** Sunday, February 17, 2019 11:09 AM  
**To:** Shovers, Marc; Kreye, Joseph; Lunder, Erika  
**Subject:** FW: Statutory Language Drafting Request - 2019-21

**From:** Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>  
**Sent:** Saturday, February 16, 2019 11:08 AM  
**To:** Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>  
**Cc:** Ziegler, Paul - DOA <Paul.Ziegler@wisconsin.gov>; Quinn, Brian D - DOA <Brian.Quinn@wisconsin.gov>  
**Subject:** Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: TIF Valuation Error Property Tax Reimbursement

Tracking Code: BB0415

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA  
Phone: (608) 266-1923  
E-mail: [brian.quinn@wisconsin.gov](mailto:brian.quinn@wisconsin.gov)

Agency Acronym: 566

Agency Number: 566

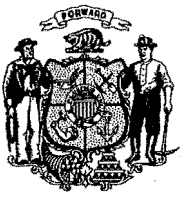
Priority: Medium

Intent:

For property values reported to the Department of Revenue in 2018, if a municipality erroneously reported more value increment for its tax incremental finance districts by an aggregate amount of at least \$50 million, that municipality's tax incremental finance districts are eligible to transfer the excess tax increment collections directly resulting from this error to the municipality's general fund for the sole purpose of reimbursing taxpayers for erroneously higher property tax rates. Any municipality utilizing this provision will have to verify the amounts being transferred and disbursed with the Department of Revenue before those transactions may take place.

Attachments: False

Please send completed drafts to [SBOSTatlanguage@spsmail.enterprise.wistate.us](mailto:SBOSTatlanguage@spsmail.enterprise.wistate.us)



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-2118/P1  
MES&JK:... *che*  
*value reporting*

DOA:.....Quinn, BB0415 - Tax incremental financing valuation error,  
property tax Reimbursement (TID)

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

*See*

*do not*

*the budget*

1 AN ACT ...; relating to: tax incremental financing districts erroneously reporting  
2 value increments.

*Analysis by the Legislative Reference Bureau*  
**LOCAL GOVERNMENT**

1. *DA* **Tax incremental financing districts, erroneous reporting of value increments.**

Generally under current law, once a tax incremental district 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.

Under this bill, if a city or village erroneously reports a higher value increment for its TIDs by an aggregate amount of at least \$50 million, the city's or village's TIDs may transfer the excess tax increment collections resulting from this error to the city's or village's general fund to reimburse taxpayers for the higher property tax rates imposed on them due to this error. Before making any such transfers, the city or village must verify with DOR the amounts involved.

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 (6) (c) of the statutes is amended to read:  
2            66.1105 (6) (c) Except for tax increments allocated under par. (d), (dm), (e), (f),  
3            or (g), or erroneous reporting of value increments as described in par. (h), all tax  
4            increments received with respect to a tax incremental district shall, upon receipt by  
5            the city treasurer, be deposited into a special fund for that district. The city treasurer  
6            may deposit additional moneys into such fund pursuant to an appropriation by the  
7            common council. No moneys may be paid out of such fund except to pay project costs  
8            with respect to that district, to reimburse the city for such payments, to pay project  
9            costs of a district under par. (d), (dm), (e), (f), or (g), to pay property tax  
10           reimbursements as described under par. (h), or to satisfy claims of holders of bonds  
11           or notes issued with respect to such district. Subject to par. (d), (dm), (e), (f), or (g),  
12           moneys paid out of the fund to pay project costs with respect to a district may be paid  
13           out before or after the district is terminated under sub. (7). Subject to any agreement  
14           with bondholders, moneys in the fund may be temporarily invested in the same  
15           manner as other city funds if any investment earnings are applied to reduce project  
16           costs. After all project costs and all bonds and notes with respect to the district have  
17           been paid or the payment thereof provided for, subject to any agreement with  
18           bondholders, if there remain in the fund any moneys that are not allocated under par.  
19           (d), (dm), (e), (f), or (g), they shall be paid over to the treasurer of each county, school  
20           district or other tax levying municipality or to the general fund of the city in the  
21           amounts that belong to each respectively, having due regard for that portion of the

1 moneys, if any, that represents tax increments not allocated to the city and that  
2 portion, if any, that represents voluntary deposits of the city into the fund.

**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; 2013 a. 2, 32, 90; 2013 a. 165 ss. 43, 44, 114; 2013 a. 173 s. 32; 2013 a. 183, 193, 284, 299; 2015 a. 60, 75, 96; 2015 a. 195 s. 83; 2015 a. 197 s. 51; 2015 a. 254, 255, 256, 257; 2017 a. 1, 15, 58, 59, 70, 223, 349; 2017 a. 364 ss. 10, 48, 49; 2017 a. 365; s. 13.92 (1) (bm) 2.

3 **SECTION 2.** 66.1105 (6) (h) of the statutes is created to read:

4 66.1105 (6) (h) For property values reported to the department of revenue in

5 2018 and thereafter, if a city erroneously reports a higher value increment for its ~~for~~

6 ~~its~~ tax incremental districts in an aggregate amount of at least \$50 million, that city's

7 tax incremental districts may transfer the excess tax increments collected resulting

8 from this error directly to the city's general fund for the sole purpose of reimbursing

9 taxpayers for the resulting erroneously higher property tax rates imposed on the

10 taxpayers. A city that acts under this paragraph shall verify with the department

11 of revenue the amounts being transferred and disbursed before those transactions

12 may take place.

13

(END)

**Mueller, Eric**

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**From:** Quinn, Brian D - DOA  
**Sent:** Thursday, February 21, 2019 11:40 AM  
**To:** Mueller, Eric  
**Cc:** Shovers, Marc; Kreye, Joseph  
**Subject:** LRB-2118/P1 - TIF Value Increment Error

Eric,

On this draft, the provision on page 3, line 5 should not include "and thereafter." This is specific to errors made in 2018 only.

Let me know if you have any questions.

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Brian Quinn  
Executive Policy and Budget Analyst - Advanced  
Wisconsin Department of Administration  
Division of Executive Budget and Finance  
(608)-266-1923



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-2118/PT PZ  
MES&JK:ahe

RML

DOA:.....Quinn, BB0415 - Tax increment value reporting error, property tax reimbursement (TID)

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION**

2/21/19

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**LOCAL GOVERNMENT**

**1. Tax incremental financing districts, erroneous reporting of value increments**

Generally under current law, once a tax incremental district 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.

Under this bill, if a city or village erroneously reports a higher value increment for its TIDs by an aggregate amount of at least \$50 million, the city's or village's TIDs may transfer the excess tax increment collections resulting from this error to the city's or village's general fund to reimburse taxpayers for the higher property tax rates imposed on them due to this error. Before making any such transfers, the city or village must verify with DOR the amounts involved.

For  
Property  
values  
reported  
in 2018,

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8           with respect to that district, to reimburse the city for such payments, to pay project  
9           costs of a district under par. (d), (dm), (e), (f), or (g), to pay property tax  
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13 (END)



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-2118/P2  
MES&JK:ahe

DOA:.....Quinn, BB0415 - Tax increment value reporting error, property tax reimbursement (TID)

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12 (END)