
Wisconsin Legislative Council

ACT MEMO



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2025 Wisconsin Act 6 [2025 Senate Bill 24]

Tax Incremental District in the City of Middleton

BACKGROUND

Wisconsin's tax incremental financing (TIF) law authorizes cities and villages (and, to a more limited degree, towns) to incentivize economic development projects by creating tax incremental districts (TIDs) and utilizing the "tax increment"¹ within a district to finance public spending on specified categories of project costs, including, for example, improvements in public infrastructure.

Among various other procedural steps and statutory limitations governing municipalities' use of tax incremental financing, a key statutory limitation is the "12-percent limit." The 12-percent limit is the requirement that the equalized value of any proposed new TID, together with the value increment of any existing TIDs in the same municipality, may not exceed 12 percent of the total equalized value in the municipality at the time the new TID is created.

2025 WISCONSIN ACT 6

2025 Wisconsin Act 6 creates a limited exception to the 12-percent limit to allow the City of Middleton to create one new TID before June 1, 2025 without complying with the 12-percent limit. In addition, the act specifies that a provision that generally allows a municipality to extend the life of a TID by up to one year for certain housing-related purposes does not apply to the new TID created under the act.

Effective date: May 18, 2025

For a full history of the bill, visit the Legislature's [bill history page](#).

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¹ When a TID is created, the Department of Revenue determines the "base value" of the TID, which is equal to the equalized value – i.e., the adjusted fair market value – of all taxable property within the TID. The increase in taxable property value that occurs above the base value in a TID is the "value increment."