



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1451/P1

EVM:skw

DOA:.....Quinn, BB0302 - Affordable housing TIF lifespan extension

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

TID life extension for housing stock improvement

This bill extends the maximum length of a tax incremental district (TID) life extension for housing stock improvement from one year to three years.

Under current law, cities and villages may use tax incremental financing (TIF) to encourage development in the city or village. In general, under TIF, a city or village pays for improvements in a TID and then collects tax moneys attributable to all taxing jurisdictions on the increased property value in the TID for a certain period of time to pay for the improvements. Ideally, after the period of time, the city or village will have been repaid for its initial investment and the property tax base in the TID will have permanently increased in value.

In general and in brief, a city or village makes use of TIF using the following procedure:

1. The city or village designates an area as a TID and creates a project plan laying out the expenditures that the city or village will make within the TID.

2. DOR establishes the "base value" of the TID. This value is the equalized value of all taxable property within the TID at the time of its creation.

3. Each year thereafter, the "value increment" of the property within the TID is determined by subtracting the base value from the current value of property within the TID. The portion of taxes collected on any positive value increment is collected by the city or village for use solely for the project costs of the TID. The taxes collected by the city or village on positive value increments include taxes that would have been collected by other taxing jurisdictions, such as counties or school districts, were the TID not created.

4. Tax increments are collected until the city or village has recovered all of its project costs or until the TID reaches its statutory termination date.

Currently, a city or village may extend the life of a TID for up to one year for housing stock improvement if all of the following occur:

1. The city or village pays off all of the TID's project costs.

2. The city or village adopts a resolution stating that it intends to extend the

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life of the TID, and the number of months it intends to do so, and how it intends to improve housing stock.

3. The city or village notifies DOR.

Current law requires the city or village to use 75 percent of the tax increments received during the period specified in the resolution to benefit affordable housing in the city or village and 25 percent to otherwise improve the city's or village's housing stock.

Under the bill, a TID's life may be extended for up to three years for housing stock improvement. However, for any extension of more than one year, the other taxing jurisdictions must approve of the extension.

Because this bill may increase or decrease, directly or indirectly, the cost of the development, construction, financing, purchasing, sale, ownership, or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

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:

SECTION 1. 66.1105 (6) (g) 1. (intro.) of the statutes is amended to read:

66.1105 (6) (g) 1. (intro.) ~~After~~ Subject to subd. 1m., after the date on which a tax incremental district created by a city pays off the aggregate of all of its project costs, and notwithstanding the time at which such a district would otherwise be required to terminate under sub. (7), a city may extend the life of the district for ~~one year~~ 3 years if the city does all of the following:

SECTION 2. 66.1105 (6) (g) 1. b. of the statutes is amended to read:

66.1105 (6) (g) 1. b. The city forwards a copy of the resolution under subd. 1. a. and, if the extension is for more than one year, a copy of the resolution under subd. 1m., to the department of revenue, notifying the department that it must continue to authorize the allocation of tax increments to the district under par. (a).

SECTION 3. 66.1105 (6) (g) 1m. of the statutes is created to read:

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66.1105 **(6)** (g) 1m. An extension under subd. 1. may not be for more than one year unless the joint review board approves, by resolution, the extension under subd. 1.

(END)