



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2003 Wisconsin Act 231 [2003 Assembly Bill 437]	Town Tax Incremental Financing Districts
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

2003 Wisconsin Act 231 provides towns limited authority to create tax incremental financing (TIF) districts.

Act 231 contains the following major provisions:

1. *Allowable Projects.* The Act authorizes a town to use the TIF law to expend money or incur monetary obligations, other than tax incremental bonds or notes, as project costs for projects related to agriculture, forestry, manufacturing, or tourism. The Act defines the limited types of activities related to agriculture, forestry, manufacturing, or tourism that are eligible for town TIF projects. The Act authorizes a town to use the TIF law for limited residential development, as defined in the Act, but only to the extent that the development has a necessary and incidental relationship to an agriculture, forestry, manufacturing, or tourism project. The Act further authorizes towns to use the TIF law for retail development that is limited to the retail sale of products produced due to an agriculture, forestry, or manufacturing project.

2. *Extraterritorial Zoning.* The Act provides that a town may not exercise any power under its TIF authority within the extraterritorial zoning jurisdiction of a city or village, unless the city's or village's governing body adopts a resolution which approves the town's exercise of power within the extraterritorial zoning jurisdiction.

3. *Creation of a tax incremental district (TID).* The Act requires that, among other things, the resolution adopted by a town board that creates a TID must contain a finding that at least 75% of the proposed TID's area is intended for agriculture, forestry, manufacturing, or tourism activities, as defined in the Act.

4. *Joint Review Board Membership.* The Act requires that each proposed town TID be reviewed by a joint review board consisting of a representative of each of the taxing jurisdictions within

This memo provides a brief description of the Act. For more detailed information,
consult the text of the law and related legislative documents.

whose boundaries the TID would be created. The Act contains additional provisions relating to joint review board membership.

5. *Determination of the Tax Incremental Base.* The Act authorizes the Department of Revenue (DOR) to impose a \$1,000 fee on a town with respect to each new TID or amendment to an existing TID that requires the DOR to determine the district's tax incremental base.

6. *DOR Certification of the Tax Incremental Base.* The Act authorizes the DOR to certify the tax incremental base of a proposed town TID only if it reviews and approves: (1) the findings of the town board resolution declaring the TID to be an agriculture, forestry, manufacturing, or tourism district, as defined in the Act; and (2) either the equalized value of taxable property of the district plus all existing districts does not exceed 7% of the total equalized value of taxable property within the town, or the equalized value of the taxable property of the district plus the value increment of all existing TIDs in the town does not exceed 5% of the total equalized value of the town.

7. *List of Expenditures.* The Act provides that no later than May 15 of every year, a town must file with the DOR a list of the expenditures made for every TID in the previous year.

8. *Annexation.* The Act provides that after January 1, if a city or village annexes territory from a town that contains part of a town TID, the DOR must redetermine the tax incremental base of the district.

The Act further provides that if a city or village annexes territory from a town and if all or part of the annexed territory is part of a town TID, the city or village must pay the town the portion of the eligible costs that are attributable to the annexed territory. The city or village, and the town, must negotiate an agreement on the amount that must be paid to the town to compensate for the annexation.

9. *Request for DOR Review.* The Act authorizes owners of taxable property located in a town that created a TID, in a taxing jurisdiction overlying the town in which the district is located, in a city or village that borders the town in which the district is located, and a taxing jurisdiction overlying the town in which the district is located, or a city or village that borders the town in which the district is located, to request that DOR review whether a town TID expended money or incurred monetary obligations for an allowable TIF project in the previous year. The Act creates a review procedure DOR must follow regarding these requests.

10. *Maximum Life of TIDs.* The Act specifies that the maximum life of a TID is 16 years.

11. *TID Project Expenditure Period.* The Act provides that expenditures for project costs may be made no later than five years after a town TID is created. If an amendment to a TID project plan is adopted, expenditures for project costs may be made no later than seven years after creation of the TID.

12. *Substantial Compliance.* The Act provides that if a town substantially complies with the Act's required procedures and the DOR determines that any error, irregularity, or informality in the town's attempt to comply with those procedures does not affect substantial justice, the DOR must approve the TID.

Effective Date: 2003 Act 231 takes effect on April 28, 2004 and first applies to a town tax incremental district that is created on October 1, 2004.

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