



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2003 Wisconsin Act 194 [2003 Senate Bill 428]	Tax Incremental Financing
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

Under **current law**, the maximum life of a tax incremental district (TID) is established by state law and varies according to when the TID was created and what type of project the TID was created to implement. The significance of a TID's maximum life is that it establishes the number of property tax levies over which tax increments, which normally would be paid to other taxing jurisdictions, can be used to pay for project costs incurred by the TID.

Under **2003 Wisconsin Act 194**, the maximum years of existence that a TID created after September 30, 1995 and before October 1, 2004 that was created to address problems in blighted areas or areas in need of rehabilitation is increased from 23 to 27 years. In addition, the 27-year maximum life of a TID created under these circumstances may be extended from 27 to 31 years.

The process required to obtain a four-year extension is that the city or village that created the TID may request the Joint Review Board to extend the life of the TID for an additional four years. Along with its request for a four-year extension, the city or village may provide the joint review board with an independent audit that demonstrates that the TID is not able to pay off its project costs within the 27 years after the TID is created. The Joint Review Board must approve the four-year extension if the audit is provided and may, but is not required to, approve the request if the audit is not provided.

The Act also provides a possible three-year extension for TIDs created on or after October 1, 2004, using the same procedure that is established for requesting a four-year extension described above. Under this provision of the Act, the lifespan of a TID created after October 1, 2004 to address blighted areas or areas in need of rehabilitation could be extended from 27 to 30 years. The lifespan of a TID created on or after October 1, 2004 for industrial or mixed use development could be extended from 20 to 23 years. (Note that prior law allowed industrial or mixed use TIDs created on or after October 1, 2004 to be extended for five years.)

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

In addition, Act 194 requires a city or village to notify the Department of Revenue (DOR) at least one year before a TID is required to terminate if the Joint Review Board approves a request to extend the life of the TID. The DOR is authorized to deny the extension if it is not notified within that time.

Effective Date: Act 194 takes effect on April 22, 2004 except that the provision of the Act extending the allocation period for a TID whose lifespan is extended from 20 to 23 years takes effect on October 1, 2004.

Prepared by: William Ford, Senior Staff Attorney

May 19, 2004

WF:wu