



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2017 Assembly Bill 659

Assembly Amendment 1

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Contact: Scott Grosz, Principal Attorney

BACKGROUND

Under current law, a county, city, village, or town (political subdivision) may increase its levy limit when a tax incremental district (TID) located within the political subdivision terminates. Specifically, in the first year that the Department of Revenue (DOR) does not certify a tax increment for the TID, the political subdivision's allowable levy is increased by a percentage equal to 50% of the tax increment for the terminated TID in the prior year, divided by the political subdivision's prior year equalized value, exclusive of any TID value increments for the previous year.

Also, under 2017 Wisconsin Act 59 (the 2017-19 Biennial Budget Act), beginning with property tax assessments as of January 1, 2018, machinery¹, tools, and patterns not including such items used in manufacturing, are exempt from the state's personal property tax assessment. Beginning in 2019, and in each year thereafter, the Department of Administration (DOA) must pay to each taxing jurisdiction² an amount equal to the property taxes levied on the items of machinery, tools, and patterns as of January 1, 2017 that are now exempt from the personal property tax assessment. This state aid payment is included in the calculation of a political subdivision's levy limit. Also, each taxing jurisdiction must attribute to each TID within the

¹ For purposes of the personal property tax exemption, "machinery" means "a structure or assemblage of parts that transmits force, motion, or energy from one part to another in a predetermined way by electrical, mechanical, or chemical means. 'Machinery' does not include a building." [s. 70.111 (27) (a), Stats.]

² The definition of a "taxing jurisdiction" is defined to include a TID. Specifically, a "taxing jurisdiction" means "a municipality, county, school district, special purpose district, **tax incremental district**, environmental remediation tax incremental district, or technical college district." [s. 79.095 (1) (c), Stats. (emphasis added).]

taxing jurisdiction the TID's proportionate share of the amount the state aid that the taxing jurisdiction receives.

2017 ASSEMBLY BILL 659

Under 2017 Assembly Bill 659 ("the bill"), if DOR recertifies the base value of a TID as a result of territory being subtracted from the TID, the political subdivision in which the TID is located must increase its levy limit by a percentage equal to 50% of the tax increment for the TID's territory that was subtracted in the prior year, divided by the political subdivision's prior year equalized value, exclusive of any TID value increments for the previous year.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 amends the definition of a TID's tax increment for purposes of any agreement between the taxing jurisdiction and a developer regarding the TID entered into prior to the effective date of the bill. Under Assembly Amendment 1, the definition includes the amount of state aid payments described above that a taxing jurisdiction is obligated to attribute to the TID.

BILL HISTORY

Assembly Amendment 1 was offered by Representative Loudenbeck on January 5, 2018. On January 23, 2018, the Wisconsin Assembly adopted Assembly Amendment 1 and passed Assembly Bill 659.

SG:jal