



1999 ASSEMBLY BILL 508

October 5, 1999 – Introduced by Representative LA FAVE, cosponsored by Senator DARLING, by request of City of Glendale. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 66.46 (6) (dm) 4. of the statutes; **relating to:** expanding the
2 time period for tax increment sharing that may be made by a tax incremental
3 district created by the city of Glendale.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation or suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board and creation by the city or village of a joint review board to review the proposal. The joint review board, which is made up of representatives of the overlying taxing jurisdictions of the proposed TID, must approve the project plan or the TID may not be created. If an existing TID project plan is amended by a planning commission, these steps are also required.

Also under current law, once a TID has been created, the department of revenue (DOR) calculates the “tax increment base value” of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a “value increment” is created. That portion of taxes collected on the value increment in excess of the base value is called a “tax increment”. The tax increment

ASSEMBLY BILL 508

is placed into a special fund that may only be used to pay back the costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or 23 years, or 27 years in certain cases, after the TID is created, whichever is sooner. TIDs are required to terminate, under current law and with one exception, once these costs are paid back, 16 years, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first.

The exception under which a TID need not terminate after its costs are paid back applies to certain situations in which a planning commission shares, or allocates, positive tax increments generated by a TID whose costs are paid back to another TID created by the same city or village. Increment sharing may occur if soil affected by environmental pollution exists in a TID to the extent that development has not been able to proceed according to the project plan because of the environmental pollution. Environmental pollution increment sharing exceptions apply to the city of Oshkosh and the city of Glendale. The exception for Oshkosh applies until January 1, 2016, and the exception for Glendale applies until January 1, 2002.

This bill extends the exception for the city of Glendale until January 1, 2016.

For further information see the **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:

1 **SECTION 1.** 66.46 (6) (dm) 4. of the statutes is amended to read:

2 66.46 **(6)** (dm) 4. This paragraph, with regard to a city that is described in subd.

3 3. a., does not apply after January 1, ~~2002~~ 2016.

4 **(END)**