



2003 SENATE BILL 428

February 3, 2004 – Introduced by Senator PANZER, cosponsored by Representative GROTHMAN. Referred to Committee on Economic Development, Job Creation and Housing.

1 **AN ACT** *to create* 66.1105 (6) (a) 6., 66.1105 (6) (am) 2. d. and 66.1105 (7) (at) of
2 the statutes; **relating to:** extending the expenditure period and the life of a tax
3 incremental district in West Bend.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing (TIF) 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 within specified time frames, 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 adoption of a resolution by the common council or village board that creates the district as of a date provided in the resolution.

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 is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city

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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, generally, 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. Under the exception, which is limited to certain circumstances, after a TID pays off its project costs, but not later than the date on which it must otherwise terminate, the planning commission may allocate positive tax increments generated by the TID (the "donor" TID) to another TID that has been created by the planning commission.

Currently, with regard to TID number five in West Bend, expenditures may be made no later than seven years after the TID was created, or through December 31, 2005. That TID must terminate no later than 20 years after the last expenditure is made.

Under this bill, the expenditure period for TID number five in West Bend is extended to 15 years after the TID was created, or through December 31, 2013. The bill also authorizes DOR to allocate tax increments to this TID for 31 years after the TID was created, and requires the TID to terminate no later than 16 years after the last expenditure identified in the project plan is made.

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:

1 **SECTION 1.** 66.1105 (6) (a) 6. of the statutes is created to read:

2 66.1105 (6) (a) 6. Thirty-one years after the tax incremental district is created
3 if the district is created after September 30, 1995, and the expenditure period is
4 specified in par. (am) 2. d.

5 **SECTION 2.** 66.1105 (6) (am) 2. d. of the statutes is created to read:

6 66.1105 (6) (am) 2. d. Expenditures for project costs for Tax Incremental
7 District Number Five in a city that has a population of at least 26,000, that was
8 incorporated in 1885, and that is located in a county that was created in 1836. Such
9 expenditures may be made no later than 15 years after the tax incremental district
10 is created, and may be made through December 31, 2013.

