



## 2003 SENATE BILL 461

February 13, 2004 - Introduced by Senators BRESKE and SCHULTZ, cosponsored by Representatives SERATTI, ALBERS, AINSWORTH, BIES, HINES, McCORMICK and TOWNSEND. Referred to Committee on Economic Development, Job Creation and Housing.

1     **AN ACT** *to create* 59.57 (3) of the statutes; and *to affect* Laws of 1975, chapter  
2           105, section 1 (1) and (2); **relating to:** allowing certain counties to create tax  
3           incremental financing districts.

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### *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 percent 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 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 or village, include public works

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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.

This bill authorizes counties in which no cities or villages are located to use tax incremental financing and create a TID if the town board of each town in which the proposed TID is to be located approves.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 59.57 (3) of the statutes is created to read:

2           59.57 (3) TAX INCREMENTAL FINANCING. (a) *Authority.* Subject to par. (b), a  
3 county board of a county in which no cities or villages are located may exercise all  
4 powers of cities under s. 66.1105. If the board exercises the powers of a city under  
5 s. 66.1105, it is subject to the same duties as a common council under s. 66.1105 and  
6 the county is subject to the same duties and liabilities as a city under s. 66.1105.

7           (b) *Limitations.* A board acting under par. (a) may not create a tax incremental  
8 district unless the town board of each town in which the proposed district is to be  
9 located adopts a resolution approving of the creation of the district.

10           **SECTION 2.** Laws of 1975, chapter 105, section 1 (1) and (2) are amended to read:

11           [Laws of 1975, chapter 105] Section 1 (1) The legislature finds that the existing  
12 system of allocating aggregate property tax revenues among tax levying  
13 municipalities has resulted in significant inequities and disincentives. The cost of

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1 public works or improvements within a city ~~or~~, village, or county has been borne  
2 entirely by the city ~~or~~, village, or county, while the expansion of tax base which is  
3 stimulated, directly or indirectly, by such improvements, benefits not only the city  
4 ~~or~~, village, or county but also all municipalities which share such tax base. This  
5 situation is inequitable. Moreover, when the cost to a city ~~or~~, village, or county of a  
6 public improvement project exceeds the future benefit to the city ~~or~~, village, or county  
7 resulting therefrom, the city ~~or~~, village, or county may decide not to undertake such  
8 project. This situation has resulted in the postponement or cancellation of socially  
9 desirable projects.

10 (2) The legislature further finds that accomplishment of the vital and beneficial  
11 public purposes of sections 66.405 to 66.425, 66.43, 66.431, 66.435 and 66.52 of the  
12 statutes, is being frustrated because of a lack of incentives and financial resources.  
13 The purpose of this act is to create a viable procedure by which a city ~~or~~, village, or  
14 county, through its own initiative and efforts, may finance projects which will tend  
15 to accomplish these laudable objectives.

16 (END)