2009 ASSEMBLY BILL 363

August 6, 2009 – Introduced by Representative BALLWEG, cosponsored by Senator OLSEN. Referred to Committee on Urban and Local Affairs.

1   AN ACT *to create* 66.1105 (5) (bo) of the statutes; **relating to:** the method by

2   which the Department of Revenue makes certain calculations regarding tax

3   incremental financing district number 8 in the city of Ripon.

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 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed–use development. 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 TID 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

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, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Currently, before a TID may be created or its project plan amended, the city or village must adopt a resolution containing a finding that the equalized value of taxable property of the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property in the city or village (the "12−percent test"), subject to one exception.

Notwithstanding the 12−percent test, this bill specifies, with regard to TID number 8, which the city of Ripon created, or attempted to create on January 1, 2008, based on action taken by the common council on September 29, 2008, that DOR must proceed as if the TID was created on January 1, 2008, except that DOR may not certify a value increment before 2010.

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 (5) (bo) of the statutes is created to read:

2   66.1105 **(5)** (bo) Notwithstanding the requirement that the total equalized

3   value not exceed 12 percent, as described in sub. (4) (gm) 4. c., if the city of Ripon

4   created, or attempted to create, tax incremental district number 8 on January 1,

5   2008, based on actions taken by the common council on September 29, 2008, the tax

6   incremental base of the district shall be calculated by the department of revenue as

7   if the tax incremental district had been created on January 1, 2008, and, until the

8   tax incremental district terminates, the department of revenue shall allocate tax

9   increments and treat the district in all other respects as if the district had been

10   created on January 1, 2008, except that the department of revenue may not certify

11   a value increment under par. (b) before 2010.

12   **(END)**