

1 **AN ACT** *to amend* 66.1105 (4e) (a) of the statutes; **relating to:** designation of tax
2 incremental districts as distressed or severely distressed districts.

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

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This draft was prepared for the Joint Legislative Council’s Study Committee on Tax Incremental Financing (TIF).

Background

During the 2009–10 legislative session, TIF law was amended to allow the local legislative body of a city or village to designate a tax incremental district (TID) as a distressed TID or severely distressed TID.

As originally enacted, the distressed and severely distressed TID law required a local legislative body to declare a TID to be distressed or severely distressed by October 1, 2011. 2011 Wisconsin Act 41 extended that date to 2015 and also repealed a requirement of the distressed and severely distressed TID law that required a district to be at least 7 years old before being declared distressed or severely distressed.

Under current law, a local legislative body may designate a TID, created before October 1, 2008, as either distressed or severely distressed when the local legislative body, in addition to other procedural requirements, adopts a resolution finding that the project costs exceed the amount of revenues from all sources that the city expects the district to generate during the life of the TID.

For a local legislative body to designate a district as a severely distressed TID, a second finding is required. A severely distressed TID also requires a finding that the amount of the value increment generated in any year has declined at least 25 percent from the district’s highest value increment over the course of the district’s lifespan.

A local legislative body has until October 1, 2015, to declare a TID as distressed or severely distressed. Also, no TID may be declared distressed or severely distressed if the local legislative body approves a project amendment after October 1, 2009, except for the amendment that declares the TID distressed or severely distressed.

If a district is designated as a distressed TID, it may collect positive tax increments for up to 10 years after it would otherwise have been required to terminate. If a district is designated as a severely distressed TID, then it is able to collect positive tax increments for up to 40 years after the district was originally created.

The Draft

The draft removes the October 1, 2015 deadline by which a local legislative body must declare a TID to be distressed or severely distressed.

1 **SECTION 1.** 66.1105 (4e) (a) of the statutes is amended to read:
2 66.1105 (4e) (a) ~~Before October 1, 2015, and subject~~ Subject to par. (am) and the
3 limitations in this subsection, a city may designate a tax incremental district that it created
4 before October 1, 2008, as a distressed or severely distressed tax incremental district if all of
5 the following occur or apply:

COMMENT: The above amendment strikes the specific statutory sunset of October 1, 2015. Note, however, that certain other provisions of the distressed TID law will limit the applicability of the law as time progresses. For example, s. 66.1105 (4e) (a) (intro.), stats., specifies that, in order to be declared distressed or severely distressed, a TID must be created before October 1, 2008, and s. 66.1105 (4e) (a) 5., stats., specifies that, except for the amendment to declare a TID's distressed status, a TID may be eligible for that status only if the local legislative body has not approved any amendments to the TID's project plan after October 1, 2009. Does the committee wish to modify or repeal either of these time-sensitive provisions of the distressed TID law? For comparison, a previous sunset of October 1, 2011 was revised to 2015 by 2011 Wisconsin Act 41, which did not amend the other deadlines relating to eligibility of TIDs for distressed or severely distressed status.

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(END)