



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRB-1063/1  
MES:wlj:jf

## 2015 BILL

1     **AN ACT** *to amend* 66.1105 (2) (aj) and 66.1105 (5) (a); and *to create* 66.1105 (5)  
2           (j) of the statutes; **relating to:** redetermination of base value for tax  
3           incremental districts.

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***Analysis by the Legislative Reference Bureau***

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

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:***

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

CURRENT LAW

Under current law, following the creation of a tax incremental district (TID), the Department of Revenue (DOR) determines the equalized value of the taxable property within the district. This value is referred to as the TID's "base value." Typically, during the TID's life span, property values of the property in the TID will rise above the base value, and the portion of taxes collected on the increase in value of property located in the TID will be used to pay back the project costs of the TID.

**BILL**

Current law, as affected by 2013 Wisconsin Act 183, addresses the situation where the values of property in a TID do not rise as expected, but instead fall. Under this act, a local legislative body of a city or village may, subject to joint review board (JRB) approval, request that DOR redetermine the base value of a TID that is in a “decrement situation” that continues for at least two consecutive years. A “decrement situation” is defined as a decline in current value of TID property of at least 10 percent compared to the current base value of the TID. A local legislative body may request redetermination of the base value of a TID in a decrement situation once during the lifespan of the TID, and DOR may impose a fee of \$1,000 for the redetermination. Additionally, before DOR may carry out a redetermination, the local legislative body must conduct a financial analysis of the TID, and must amend the TID project plan to satisfy at least one of the following conditions:

- With regard to the total value of public infrastructure improvement in the district that occurs after JRB approval, at least 51 percent of the value of the improvements must be financed by a private developer or other private entity in return for the city’s or village’s agreement to repay those costs solely through the payment of cash grants, and that cash grants must be paid through a development agreement with the city or village.
- All project costs are expected to be paid within 90 percent of the TID’s remaining life.
- Expenditures may be made only within the first half of the TID’s remaining life, unless approved by unanimous vote of the JRB, and subject to the generally applicable limitations or the timing of expenditures under TIF law.

[s. 66.1105 (5) (i), stats.]

The bill

The bill proposes an alternative process for redetermining the base value of a TID. The bill would authorize a local legislative body to request redetermination any time that a TID is in a decrement situation for a single year. Under the bill, a local legislative body’s ability to require redeterminations under the alternative process must first be included in the TID’s project plan, resulting in JRB approval of the possibility of redetermination but not each specific resolution for redetermination. The ability of a local legislative body to request multiple redeterminations also must be specifically stated in the project plan. Under the bill, the \$1,000 fee to DOR would apply to each redetermination.

1           **SECTION 1.** 66.1105 (2) (aj) of the statutes is amended to read:

2           66.1105 (2) (aj) “Decrement situation” means a situation in which the  
3 aggregate value, as equalized by the department of revenue, of all taxable property  
4 located within a tax incremental district on or about the date on which a resolution  
5 is adopted under sub. (5) (h) 1. or (j) 1. is at least 10 percent less than the current tax  
6 incremental base of that district.

7           **SECTION 2.** 66.1105 (5) (a) of the statutes is amended to read:

8           66.1105 (5) (a) Subject to sub. (8) (d), upon the creation of a tax incremental  
9 district, upon adoption of any amendment subject to par. (c), ~~or~~ upon the adoption and

**BILL**

1 approval of a resolution under par. (h), or upon the adoption of a resolution under par.  
2 (j), its tax incremental base shall be determined or redetermined as soon as  
3 reasonably possible. The department of revenue may impose a fee of \$1,000 on a city  
4 to determine or redetermine the tax incremental base of a tax incremental district  
5 under this subsection, except that if the redetermination is based on a single  
6 amendment to a project plan that both adds and subtracts territory, the department  
7 may impose a fee of \$2,000.

8 **SECTION 3.** 66.1105 (5) (j) of the statutes is created to read:

9 66.1105 (5) (j) 1. Subject to subd. 2., a local legislative body may adopt a  
10 resolution requiring the department of revenue to redetermine the tax incremental  
11 base of a district that is in a decrement situation.

12 2. A local legislative body may adopt a resolution under this paragraph relating  
13 to redetermination only if the project plan authorizes, or is amended to authorize, the  
14 redetermination. A local legislative body may adopt multiple resolutions under this  
15 paragraph for redetermination only if the project plan or amendment specifically  
16 authorizes multiple resolutions.

17 3. Upon adoption of a resolution by a local legislative body under subd. 1., the  
18 department of revenue shall redetermine the tax incremental base of the district  
19 under par. (a).

NOTE: The above provision refers to the definition of a “decrement situation” in s.  
66.1105 (2) (aj), stats., which is defined as a decline in current value of TID property of  
at least 10 percent compared to the current base value of the TID.