SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source

	2018-19 Adjusted Base	Governor's Recommendation 2019-20	Governor's Recommendation 2020-21	Change Over Base Year Doubled Amount	Change Over Base Year Doubled Percent
Direct Aid Payments					
Expenditure Restraint	$59,311,700	$59,311,700	$59,311,700	$0	0.0%
County and Municipal Aid	697,988,400	698,154,900	713,216,400	15,394,500	1.1
Public Utility Distribution	74,530,600	75,801,200	76,559,300	3,299,300	2.2
State Aid; Tax Exempt Property	95,652,400	97,967,100	97,967,100	4,629,400	2.4
State Aid; Personal Property Tax Exemption	74,400,000	75,354,200	75,354,200	1,908,400	1.3
Interest Payments on Overassessments of Manufacturing Property	10,000	10,000	10,000	0	0.0
Payments for Municipal Services	18,584,200	18,584,200	18,584,200	0	0.0
Property Tax Credits					
Homestead Tax Credit	84,900,000	78,900,000	116,300,000	25,400,000	15.0
Pre-2010 Farmland Preservation Credit	380,000	350,000	250,000	-160,000	-21.1
Farmland Preservation Per-Acre Credit	17,800,000	15,400,000	15,400,000	-4,800,000	-13.5
School Levy Tax Credit	940,000,000	940,000,000	940,000,000	0	0.0
First Dollar Credit	150,000,000	150,000,000	150,000,000	0	0.0
Other Credits					
Claim of Right Credit	163,000	132,000	132,000	-62,000	-19.0
Jobs Tax Credit	12,100,000	5,000,000	2,900,000	-16,300,000	-67.4
Business Development Credit	16,100,000	18,100,000	18,400,000	4,300,000	13.4
Enterprise Zone Jobs Credit	68,300,000	64,300,000	50,700,000	-21,600,000	-15.8
EITM Zone Credit	0	0	211,954,900	211,954,900	N.A.
Veterans and Surviving Spouses Property Tax Credit	30,430,000	33,900,000	35,000,000	8,040,000	13.2
Cigarette and Tobacco Products Tax Refunds	33,996,000	33,635,000	33,125,000	-1,232,000	-1.8
Earned Income Tax Credit	30,900,000	39,700,000	40,400,000	18,300,000	29.6
Research Credit	2,100,000	7,500,000	11,250,000	14,550,000	346.4
Forestry Mill Rate					
Forestry Mill Rate -- GPR Transfer to Conservation Fund	91,644,000	97,753,400	101,736,100	16,201,500	8.8
GPR Total	$2,499,290,300	$2,509,853,700	$2,768,550,900	$279,824,000	5.6%
Other Credits					
Earned Income Tax Credit; Temporary Assistance for Needy Families	$69,700,000	$85,700,000	$86,700,000	$33,000,000	23.7%
PR Total	$69,700,000	$85,700,000	$86,700,000	$33,000,000	23.7%
Direct Aid Payments					
County and Municipal Aid; Police and Fire Protection Fund	$46,087,400	$45,920,800	$45,920,800	-$333,200	-0.4%
Property Tax Credits					
Lottery and Gaming Credit	205,360,300	217,827,600	217,876,500	24,983,500	6.1%
Lottery and Gaming Credit; Late Applications	257,600	311,500	311,500	107,800	20.9
SEG Total	$251,705,300	$264,059,900	$264,108,800	$24,758,100	4.9%
TOTAL	$2,820,695,600	$2,859,613,600	$3,119,359,700	$337,582,100	6.0%

Direct Aid Payments

Budget Change Items

1. COUNTY AND MUNICIPAL AID INCREASE

GPR	$15,061,500

Governor: Increase payments under the county and municipal aid program by $15,061,500 in 2020-21 to provide each county and municipality a 2% increase in their payment for 2020 and thereafter. Under current law, a county or municipality receives a county and municipal aid payment equal to what it received in 2012.

County and municipal aid is primarily funded from a sum-sufficient GPR appropriation, but the amounts are partially offset by revenues from the police and fire protection fund ($45,920,800 annually). Set the statutory aid distribution from these sources at $763,137,200 for the 2020 distribution (payable 2020-21) and thereafter to reflect the recommended 2% increase. The GPR and SEG county and municipal aid appropriations underfund this statutory aid distribution amount by $4,000,000 annually to reflect the reduced county and municipal aid distribution to Milwaukee County by $4,000,000 for the Bucks Arena each year from 2016 through 2035. This reduction is intended to offset a portion of the state's contribution to the Wisconsin Center District toward construction of the new sports and entertainment arena in Milwaukee.

County and municipal aid is paid in July and November of each year. Therefore, local governments will receive calendar year 2020 payments in 2020-21. Modify the statutes to reflect that prior year aid amounts would no longer apply for 2020 and thereafter.

[Bill Sections: 1068 thru 1071]

2. COUNTY AND MUNICIPAL AID PROGRAM -- POLICE AND FIRE PROTECTION REVENUE REESTIMATE

GPR	$333,000
SEG	- 333,200
Total	- $200

Governor: Increase funding by $166,500 GPR annually and decrease funding by $166,600 SEG annually in the appropriations for the county and municipal aid program. The SEG adjustment reflects the estimated reductions in revenue collected in the police and fire protection fund, which is the source for a portion of county and municipal aid program payments. Revenues deposited to the police and fire protection fund are from a fee imposed on each active retail voice communications service connection with an assigned telephone number at a rate of $0.75 per month. Payments from the police and fire protection fund would be estimated at $45,920,800 annually. The GPR increases reflect a corresponding adjustment to the sum sufficient appropriation to offset the police and fire protection fund (SEG) revenue reestimate. With these adjustments, total GPR payments for the county and municipal aid program would be $698,154,900 in 2019-20 and $713,216,400 in 2020-21, with the second year of the biennium reflecting a 2% increase in county and municipal aid as provided under the bill.

3. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATE

GPR	$3,299,300

Governor: Increase estimated payments by $1,270,600 in 2019-20 and $2,028,700 in 2020-21 in the sum sufficient public utility aid distribution account to reflect estimated payment amounts. With these adjustments, base level funding of $74,530,600 would increase to $75,801,200 in 2019-20 and $76,559,300 in 2020-21. The public utility aid distribution account is used to make aid payments to counties and municipalities containing certain types of public utility property that are exempt from local property taxation.

4. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES

GPR	$4,629,400

Governor: Increase funding by $2,314,700 annually to reflect increased payments due to the indexing of 2018-19 payments to the annual change in the U.S. consumer price index for all urban consumers, for the 12-months ending on September 30, 2018. With these adjustments, base level funding of $95,652,400 would increase to $97,967,100 annually. The appropriation is used to make aid payments to local governments containing computers, cash registers, and fax machines that are exempt from property taxation. Under 2017 Act 59, payments to taxing jurisdictions will remain at the 2018(19) level for each year thereafter with only those entities receiving a payment in 2017(18) continuing to receive a payment.

5. STATE AID FOR EXEMPT PERSONAL PROPERTY

GPR	$1,908,400

Governor: Increase funding by $954,200 annually to reflect estimated payments, which are based on taxes levied by each local taxing jurisdiction on exempt property categorized as machinery, tools, and patterns not used for manufacturing for tax year 2017(18). With these adjustments, base level funding of $74,400,000 would increase to $75,354,200 in both years of the biennium. The appropriation is used to make aid payments to local governments for exempt personal property classified as non-manufacturing machinery, tools, and patterns. Under 2017 Act 59, payments to taxing jurisdictions will remain at the 2018-19 level for each year thereafter with only those entities receiving a payment in 2018-19 continuing to receive a payment.

6. VOLKSWAGEN SETTLEMENT GRANTS -- REQUIRED COUNTY AND MUNICIPAL AID REDUCTIONS FOR MILWAUKEE COUNTY AND MADISON

Governor: Modify the current law reduction in county and municipal aid payments, from 75% to 20% of the grant award, that is required for each county or municipality that receives a Volkswagen transit capital assistance grant for an urban mass transit system serving a population exceeding 200,000 (Milwaukee County and Madison). A complete summary of the modifications the bill provides to Volkswagen settlement grants is included under a separate item (see "Miscellaneous Appropriations").

Under current law, any county or municipality with an urban mass transit system that receives a transit capital assistance grant will receive a reduction to its county and municipal aid payment in the following amounts, over 10 consecutive years: (a) for a Tier A-1 or Tier A-2 urban mass transit system serving a population exceeding 200,000, 75% of the total amount of grants received; (b) for a Tier B urban mass transit system serving a population of at least 50,000, 20% of the total amount of grants received; and (c) for a Tier C urban mass transit system serving a population of less than 50,000, 10% of the total amount of grants received. Under current law, county and municipal aid payments are made on the fourth Monday in July (15% of total) and the third Monday in November (85% of total). According to DOA, county and municipal aid reductions will commence in the state fiscal year following the year the first grant payment is made to a local government. For example, if a municipality receives a grant payment in 2019-20, the first annual aid payment reduction to occur would be to aid payments made for calendar year 2020 aid and paid in 2020-21 (for July, 2020 and November, 2020 aid payments). Contractual agreements between the state and transit agency awardees are currently being negotiated. As a result, no estimated lapse amounts associated with the required reductions in county and municipal aid payments to grant awardees are included in the bill.

Under this provision, if Milwaukee County or Madison receive a transit capital assistance grant payment, this provision would decrease the amount of the county and municipal aid reduction incurred by that municipality over the succeeding 10 years. Therefore, any GPR amount associated with transit capital grants to these two municipalities that would be required to lapse from the county and municipal aid program to the general fund would be reduced over 10 years as compared to current law. No change in GPR lapse amounts associated with this provision is included in the bill.

[Bill Section: 1072]

7. EXPENDITURE RESTRAINT PROGRAM -- DEFINITION OF MUNICIPAL BUDGET

Governor: Specify that for the purposes of determining eligibility for an expenditure restraint payment, the definition of "municipal budget" would not include amounts levied above a municipality's allowable levy for charges shared among political subdivisions operating a joint emergency dispatch center. Other provisions in the bill would exclude amounts levied for joint emergency dispatch centers from the participating political subdivisions' levies (see "Property Taxation").

Under current law, a municipality must satisfy two eligibility criteria to receive an expenditure restraint payment: (a) a municipality must have a full value property tax rate that exceeds five mills; and (b) a municipality must restrict the rate of year-to-year growth in its municipal budget to a percentage determined by a statutory formula. For the purpose of determining eligibility for an expenditure restraint payment, this provision would exclude from a municipality's budget the amount that a municipality would be allowed to adjust its allowable levy for charges it shares with other political subdivisions in the operation of a joint emergency dispatch center.

[Bill Section: 1073]

Property Tax Credits

1. ELIMINATION OF SCHOOL LEVY TAX CREDIT AND FIRST DOLLAR TAX CREDIT FOR PROPERTY TAX YEAR 2020(21)

Governor: Eliminate the school levy tax credit and the first dollar tax credit beginning in 2021-22 (property tax year 2020(21)). Maintain current funding levels for the school levy tax credit and the first dollar tax credit for both years of the 2019-21 biennium. The school levy tax credit is currently funded at $940,000,000 GPR annually and the first dollar tax credit is currently funded at $150,000,000 GPR annually. These credits are paid on the fourth Monday in July of each year for the taxes levied in December of the previous calendar year.

Under other provisions in the bill, the $1,090,000,000 GPR of funding for these credits for property tax year 2020(21) would be used to fund an increase in general school aids. Although the distributions of these credits are based in part on the school district levies within each municipality, these credits are used to reduce property taxpayers' gross property tax bills after the school district levy is established. By providing this funding instead as general school aids, the Governor's recommendations would have the effect of reducing gross school levies statewide. However, because the distribution of these tax credits is different from the distribution of school aid funding under the general school aids formula, this provision would have varying distributional effects on taxpayers' property tax bills statewide. Additional information on this provision, as it relates to the Department of Public Instruction, is included under a separate item (see "Public Instruction -- General School Aids and Revenue Limits").

[Bill Sections: 1074 thru 1077]

2. IMPACT OF PROPERTY TAX CREDIT AND SCHOOL FUNDING CHANGES ON GROSS TIF DISTRICT TAX INCREMENTS

Provisions in the bill would eliminate the school levy and first dollar tax credits (funded at a total of $1,090,000,000 GPR annually), and would instead provide this funding for general school aids, beginning with property tax year 2020(21). This would have the effect of reducing gross statewide school district levies. Under school district revenue limits, general school aid increases result in reductions in gross school property tax levies, absent a corresponding increase in per pupil revenue limit authority. Under the bill, the increase in general school aid funding, beyond the per pupil revenue adjustment amount, would have the effect of reducing the school district levy tax rates for school districts benefiting from the additional aid. For any such school district that is an overlying taxing jurisdiction of a TIF district, the lower school district property tax rate would reduce that TIF district's annual tax increment, and its ability to repay its project costs within the expected life of the district. Given the increase in general school aids under the bill, a reduction in statewide gross school district tax levy rates would be expected. Under these and other provisions in the bill, the administration estimates that statewide TIF district levies would decrease by 6.2% in property tax year 2020(21), compared to 2019(20). Additional information on the changes in school funding is included under a separate item (see "Public Instruction -- General School Aids and Revenue Limits").

3. FARMLAND PRESERVATION CREDIT REESTIMATE

GPR	- $4,960,000

Governor: Decrease funding by $2,430,000 in 2019-20 and $2,530,000 in 2020-21 to reestimate the sum-sufficient appropriations for the farmland preservation tax credit, which applies to certain lands in farmland preservation zoning districts and under farmland preservation agreements. With these reestimates, the bill budgets farmland preservation tax credits at $15,750,000 in 2019-20 and $15,650,000 in 2020-21.

4. LOTTERY AND GAMING CREDIT REESTIMATE

SEG	$24,983,500

Governor: Increase funding by $12,467,300 in 2019-20 and $12,516,200 in 2020-21 to the sum sufficient appropriation to reflect estimates of lottery proceeds available for property tax credit distribution. With these adjustments, estimated total funding for the credit would increase from an adjusted base level of $205,360,300 to $217,827,600 in 2019-20 and $217,876,500. The estimated cost of the credit for 2018-19 is $236 million.

5. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS

SEG	$107,800

Governor: Increase funding by $53,900 annually to the sum sufficient appropriation to reflect estimates of the amounts of credits to be paid to persons who apply for the credit after tax bills have been issued. As a result, funding for tax credit distributions for late applications would increase from an adjusted base level of $257,600 to $311,500 annually.

Property Taxation

1. LEVY LIMITS -- 2% MINIMUM INCREASE

Governor: Increase the minimum allowable percentage change that counties and municipalities may increase their allowable levies by from 0% to 2%. Current law prohibits counties and municipalities from increasing their levies by a percentage that exceeds their valuation factor. The "valuation factor" is currently defined as a percentage equal to the greater of either the percentage change in a county or municipality's January 1 equalized value due to new construction, less improvements removed between the previous year and current year ("net new construction") or 0%. This valuation factor is then multiplied by each county's and municipality's actual prior year levy to obtain their allowable levy for the current year prior to any allowable exclusions or adjustments. Under this provision, the definition of "valuation factor" would be changed so that the minimum allowable percentage change to county and municipal levies is 2% rather than 0%. As a result, this modification would allow counties and municipalities to increase their annual levies over their prior year actual levies by the greater of the percentage change in equalized values due to net new construction or 2%.

For tax year 2017(18), the statewide average change in levies due to the change in equalized value from net new construction was 1.3% for towns, 1.8% for villages and cities, and 1.5% for counties. For 2017(18), 120 towns, 80 villages, 39 cities, and six counties had a change in their levy above 2% due to the change in equalized value from net new construction.

[Bill Section: 789]

2. LEVY LIMITS -- REPEAL OF NEGATIVE ADJUSTMENT FOR FEES FROM COVERED SERVICES

Governor: Repeal the negative levy limit adjustment for covered services. Current law requires counties and municipalities to reduce their allowable levies by an amount equal to the estimated fee revenues received in lieu of property taxes for providing a covered service that was funded with the property tax levy in 2013. A "covered service" is defined to mean garbage collection, fire protection, snow plowing, street sweeping, or storm water management, although some specific exceptions exist (garbage collection for any county or municipality that owned and operated a landfill on January 1, 2013, and fire protection services, including the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection services). Under this provision, counties and municipalities that receive new or additional fees from covered services each year that were previously funded from their levy, would no longer be required to reduce their allowable levies by the estimated annual fee revenues.

[Bill Sections: 790 and 791]

3. LEVY LIMITS -- EXCLUSION FOR CROSS-BORDER TRANSIT ROUTES

Governor: Create an exclusion to county and municipal annual levy limits for amounts levied in a year for operating and capital costs directly related to the provision of new or enhanced transit services across adjacent county or municipal borders. As a result, these costs would not be subject to the annual levy limit of the affected local governments.

Specify that all of the following would have to apply for the exclusion to be taken: (a) the starting date for the new or enhanced transit services occurs after the effective date of the bill; (b) the political subdivisions between which the new or enhanced transit routes operate have entered into an intergovernmental cooperation agreement to provide for the new or enhanced transit services and the agreement describes the services and the amounts that must be levied to pay for those services; and (c) the intergovernmental cooperation agreement is approved in a referendum, by the electors of each political subdivision that is a party to the agreement. Specify that the referendum be held at the next succeeding spring primary or election or partisan election which could be held no earlier than 70 days after the adoption of the agreement by all parties. Require the governing body that has proposed the referendum to file the resolution to be submitted to the electors under current law referenda filing procedures.

[Bill Section: 794]

4. LEVY LIMITS -- EXCLUSION FOR JOINT EMERGENCY DISPATCH CENTERS AND JOINT FIRE DEPARTMENTS

Governor: Exclude the amounts levied above a political subdivision's allowable levy for charges shared among two or more political subdivisions in the operation of a joint emergency dispatch center. Specify that the amount of a political subdivision's levy that is used to pay for charges assessed by a joint emergency dispatch center, which causes that political subdivision to exceed its allowable levy in that year, would not be subject to the annual levy limit of the affected local governments. Define "joint emergency dispatch center" to mean an operation that serves as the dispatch center for two or more political subdivisions' law enforcement, fire, emergency medical services, or any other emergency services.

Provide that this exclusion would only be allowed if the following apply: (a) the total percentage increase in charges assessed by the joint emergency dispatch center for the current year, relative to the amounts charged for the previous year, is less than or equal to 1% plus the percentage change in the U.S. consumer price index for all urban consumers, U.S. city average, as determined by the U.S. Department of Labor, for the 12 months ending on September 30 of the year of the levy; and (b) the governing body of each political subdivision that is served by the joint emergency dispatch center adopts a resolution in favor of exceeding the levy limit to pay for additional fees charged by the joint emergency dispatch center.

Under the current law exclusion for charges assessed by joint fire departments, reduce the permitted annual increase of total charges assessed by a joint fire department for the purpose of calculating an allowable levy to be less than or equal to 1% (rather than 2%) plus the annual percentage change in the consumer price index. Under current law, amounts levied for charges assessed by a joint fire department are excluded from the base levy from which the succeeding year's allowable levy is calculated, if the following apply: (a) the governing bodies of each municipality served by the joint fire department adopt resolutions supporting the municipality exceeding its limit; and (b) the total charges assessed by the joint fire department increase on a year-to-year basis by a percentage less than or equal to 2% plus the percentage change in the consumer price index.

[Bill Sections: 788, 792, and 793]

5. DARK PROPERTY AND LEASED PROPERTY TAX ASSESSMENTS ("DARK STORES")

Governor: Require that real property be valued by an assessor at its highest and best use. Define "highest and best use" to mean: (a) the specific use of the property as of the current assessment date; or (b) a higher use to which the property can be expected to be put before the next assessment date, if the use is legally permissible, physically possible, not highly speculative, and financially feasible and provides the highest net return. Specify that "legally permissible" would not include a conditional use that has not been granted as of the assessment date. Further specify that when the current use of a property is the highest and best use of that property, the value in the current use would equal full market value.

Under current law, an assessor is required to consider recent arm's-length sales of the assessed property. The bill would define "arm's-length sale" to mean a sale between a willing buyer and willing seller, neither being under compulsion to buy or sell, and each being familiar with the attributes of the property sold.

Require that in determining the value of real property, an assessor must consider any lease provisions and actual rent pertaining to a property and affecting its value. Specify that the assessor include the lease provisions and rent associated with a sale and leaseback of the property, if all such lease provisions and rent are the result of an arm's-length transaction involving persons who are not related, as provided under section 267 of the Internal Revenue Code (relating to certain transactions between related taxpayers) for the year of the transaction. With regard to this provision, an "arm's-length transaction" would mean an agreement between willing parties, neither being under compulsion to act, and each being familiar with the attributes of the property.

Specify that in determining the value of property using generally accepted appraisal methods, an assessor would be required to consider all of the following as comparable to the property being assessed:

a. sales or rentals of properties exhibiting the same or a similar highest and best use, with placement in the same real estate market segment. Define "real estate market segment" to mean a pool of potential buyers and sellers, that may be found locally, regionally, nationally, or internationally, and that typically buy or sell properties similar to the property being assessed, including potential buyers who are investors or owner-occupants; and

b. sales or rentals of properties, that may be found locally, regionally, or nationally, and which are similar to the property being assessed with regard to age, condition, use, type of construction, location, design, physical features, and economic characteristics, including similarities in occupancy and the potential to generate rental income.

For the purpose of determining the value of a property using generally accepted appraisal methods, specify that a property would not be comparable to the property being assessed if at or before the time of the sale: (a) the seller places any deed restriction on that property that changes the highest and best use of that property or prohibits competition, so that it no longer qualifies as a comparable property; and (b) the property being assessed lacks such a restriction. Further specify that a property would not be comparable if the property is dark property and the property being assessed is not dark property. Define "dark property" to mean property that is vacant or unoccupied beyond the normal period for property in the same real estate market segment. Specify that what would be considered vacant or unoccupied beyond the normal period could vary depending on the property location. Require DOR to assist local assessors when determining whether a property would or would not be comparable to the property being assessed.

Modify the current law definition of "real property," "real estate," and "land" to include fixtures and leases, as well as assets that cannot be taxed separately as real property, but are inextricably intertwined with the real property, enable the real property to achieve its highest and best use, and are transferable to future owners. With regard to this definition, a "lease" would mean a right in real estate that is related primarily to the property and not to the labor, skill, or business acumen of the property owner or tenant. Specify that, similar to the current law definition, the proposed changes to the definition of real property, real estate, and land would apply to the statutes pertaining to property taxes, income taxes, motor vehicle fuel and general aviation taxes, and state shared revenue.

Specify that these provisions first apply to property tax assessments as of January 1, 2020 (property tax year 2020(21)).

The provisions related to the assessment of leased property would attempt to remove the legal basis of a 2008 decision by the Wisconsin Supreme Court (*Walgreen Company v. City of Madison*) that held an assessment of leased retail property using the income assessment approach must be based on market rent, which is what a person would pay based on similar rentals, rather than the actual rent.

[Bill Sections: 827, 829 thru 831, and 9337(1)]

6. INFORMATION ON PROPERTY TAX BILLS -- EFFECT OF SCHOOL CHOICE PROGRAMS ON SCHOOL AID

Governor: Require that property tax bills include information from the school district where the property is located regarding the amount and percentage change of any gross reduction in state aid paid to the district between the previous year and the current year as a result of pupils enrolled in: (a) the statewide parental choice program; (b) the Racine parental choice program; (c) the Milwaukee parental choice program; or (d) as a result of making payments to private schools under the special needs scholarship program.

Specify that this information need not be included on property tax bills in any year in which a reduction in state school aids does not occur. Require that this information be conveyed in a form substantially similar to the following: “The gross reduction in state aid to your school district in the .... (current year) is $ .... as a result of pupils enrolled in the .... (statewide choice program) (Racine choice program) (Milwaukee choice program) or as a result of payments to .... (a private school) under the special needs scholarship program. Your school district had the option to increase property taxes to replace this aid reduction.” Additional information on this provision, as it relates to the Department of Public Instruction, is included under a separate item (see "Public Instruction -- Choice, Charter, and Open Enrollment").

[Bill Section: 1035]

7. TAX INCREMENTAL FINANCING DISTRICT VALUE REPORTING ERROR

Governor: Provide that for property values reported to DOR in 2018, if a city erroneously reports a higher value increment for its tax incremental financing districts (TID) in an aggregate amount of at least $50 million, that city's TIDs may transfer the excess tax increments collected resulting from this error directly to the city's general fund for the sole purpose of reimbursing taxpayers for the resulting erroneously higher property tax rates imposed on the (municipal) taxpayers. The bill would create an exception for these excess tax increments to the current law requirement that tax increments received with respect to a TID, upon receipt by the city treasurer, have to be deposited into a special fund to finance the TID's eligible project costs. Require that a city that acts under this provision verify with DOR the amounts being transferred and disbursed before those transactions may take place. While this provision could potentially apply to value increments for TIDs created in other cities and villages, it would provide a remedy to municipal taxpayers for the recent error in the reporting of TID increment values for the City of Verona.

[Bill Sections: 812 and 813]

8. LIMIT ON TAX INCREMENTAL FINANCING DISTRICT DEVELOPER CASH GRANTS

Governor: Specify that the total of all cash grants that are made by a city or village to owners, lessees, or developers of land located within a TID may not exceed 20% of the total project costs of the TID, including financing costs attributable to the grants.

Under current law, cash grants may be made by a city or village to owners, lessees, or developers of land that is located within the TID if the grant recipient has signed a development agreement with the city or village, a copy of which must be sent to the appropriate joint review board.

Specify that this provision first applies to a TID that is created on October 1, 2019, or to a TID project plan that is amended on October 1, 2019.

[Bill Sections: 810 and 9330(2)]

9. TAX INCREMENTAL FINANCING DISTRICT PROJECT PLANS -- ALTERNATIVE GROWTH PROJECTIONS

Governor: Require that a TID project plan contain alternative projections of the TID's finances and economic feasibility under different economic scenarios. Specify that these scenarios include the pace of development in the TID being slower than expected and the rate of property value growth in the TID being lower than expected. Specify that this provision first applies to a TID that is created on October 1, 2019, or whose project plan is amended on October 1, 2019.

Under current law, a TID project plan must be approved by the local legislative body and must include: (a) a statement listing the kind, number and location of all proposed public works or improvements; (b) an economic feasibility study; (c) a list of estimated project and non-project costs; (d) a description of financing methods and the timing of when costs are to be incurred; (e) a map showing existing uses and conditions of real property in the TID; (f) any proposed changes in a municipal zoning ordinance, master plan, or applicable building codes and municipal ordinances; (g) a relocation plan for any persons to be displaced; (h) an indication of how the TID promotes orderly development; and (i) an opinion of the city or village attorney, or of an attorney retained by the city or village, advising whether the plan is in compliance with the TID law.

[Bill Sections: 811 and 9330(1)]

Forestry Mill Rate

1. FORESTRY MILL RATE -- GPR TRANSFER TO CONSERVATION FUND

GPR	$16,201,500

Governor: Increase funding by $6,109,400 in 2019-20 and $10,092,100 in 2020-21 for the sum sufficient appropriation to reflect projected changes in statewide equalized values. Funds equal to the amount calculated by multiplying the value of all taxable property in the state, as determined by DOR, by a rate of 0.1697 mills (0.01697%) are transferred from the general fund to the conservation fund annually. This transfer occurs due to repeal of the state forestry mill tax as of property taxes levied in 2017, payable in 2018. With these adjustments, base level funding of $91,644,000 would increase to $97,753,400 in 2019-20 and $101,736,100 in 2020-21. Additional information on this program, as it relates to the Department of Natural Resources is included under a separate item (see "Natural Resources -- Conservation and Recreation.")

Other Credits

Descriptions of any budget provisions related to the homestead tax credit, other tax credits, and cigarette and tobacco products tax refunds are provided under "General Fund Taxes."