

SG:ty;

09/30/2014

1 **AN ACT** *to amend* 66.1105 (4) (gm) 4. c., (5) (bn), (bo), (bt), (10) (c), (12) (title), (b),
 2 (16) (d), (17) (title), (a) 3., (c), (18) (c) 3., and (19) (b) 3. of the statutes; **relating to:**
 3 limits on TID creation as measured by total TID value.

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 Review of Tax Incremental Financing.

Background

As part of the process of creating a tax incremental district, a city or village’s creation resolution must include a finding that the TID complies with the 12 percent limit. The 12 percent limit requires that the equalized value of the taxable property in the proposed TID, plus the value increments of all existing TIDs does not exceed 12 percent of the total equalized value in the city or village. When certifying a base value for a TID, the department of revenue also evaluates whether the TID exceeds the 12 percent limit. DOR may not certify the base value until it reviews and approves the city or village’s finding that the equalized property value in the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property within the city.

Cities and villages may amend their project plan so that the TID is in compliance if the TID exceeds the 12 percent limit. If DOR determines that the TID exceeds the 12 percent limit, the city or village may either rescind its approval of the project plan or remove parcels of land so that the TID complies with the 12 percent limit. If the city or village decides to remove parcels of land, then it must resubmit the creation application to DOR within 30 days of receiving the noncompliance notice.

Section 66.1105, stats., contains several exceptions to the 12 percent limit that apply to specific communities. Additionally, 2013 Wisconsin Act 193 allows a city or village to create a TID in recently annexed town territory, if certain conditions are satisfied. Under the alternative creation method created by Act 193, the 12 percent limit does not apply to a TID created in former town territory until the year 2016.

The Draft

Under this draft, references in s. 66.1105, stats., to the 12 percent limit are generally modified to reflect an increase to a 15 percent limit for the ratio of TID value increments to total equalized value of taxable property in a city or village. References to the 12 percent limit that relate to exceptions to the rule for specific communities are maintained at 12 percent and amended to reflect the law in place at the time of the creation of each exception.

1 **SECTION 1.** 66.1105 (4) (gm) 4. c., (5) (bn), (bo), (bt), (10) (c), (12) (title), (b), (16) (d),
2 (17) (title), (a) 3., (c), (18) (c) 3., and (19) (b) 3. of the statutes are amended to read:

3 66.1105 **(4)** (gm) 4. c. Except as provided in subs. (10) (c), (16) (d), (17), and (18) (c)
4 3., the equalized value of taxable property of the district plus the value increment of all existing
5 districts does not exceed ~~12~~ 15 percent of the total equalized value of taxable property within
6 the city. In determining the equalized value of taxable property under this subd. 4. c. or sub.
7 (17) (c), the department of revenue shall base its calculations on the most recent equalized
8 value of taxable property of the district that is reported under s. 70.57 (1m) before the date on
9 which the resolution under this paragraph is adopted. If the department of revenue determines
10 that a local legislative body exceeds the ~~12~~ percent limit described in this subd. 4. c. or sub.
11 (17) (c), the department shall notify the city of its noncompliance, in writing, not later than
12 December 31 of the year in which the department receives the completed application or
13 amendment forms described in sub. (5) (b).

14 **(5)** (bn) Notwithstanding the requirement that the total equalized value not exceed 12
15 percent, as described in sub. (4) (gm) 4. c., 2013-14, stats., if the village of Union Grove
16 created, or attempted to create, tax incremental district number 4 on January 1, 2006, based
17 on actions taken by the village board on February 27, 2006, the tax incremental base of the
18 district shall be calculated by the department of revenue as if the tax incremental district had
19 been created on January 1, 2006, and, until the tax incremental district terminates, the

1 department of revenue shall allocate tax increments and treat the district in all other respects
2 as if the district had been created on January 1, 2006, except that the department of revenue
3 may not certify a value increment under par. (b) before 2008.

4 (bo) Notwithstanding the requirement that the total equalized value not exceed 12
5 percent, as described in sub. (4) (gm) 4. c., 2013-14, stats., if the village of Elmwood created,
6 or attempted to create, tax incremental district number 4 on January 1, 2006, based on actions
7 taken by the village board on May 8, 2006, the tax incremental base of the district shall be
8 calculated by the department of revenue as if the tax incremental district had been created on
9 January 1, 2006, and, until the tax incremental district terminates, the department of revenue
10 shall allocate tax increments and treat the district in all other respects as if the district had been
11 created on January 1, 2006, except that the department of revenue may not certify a value
12 increment under par. (b) before 2010.

13 (bt) If the city of New Lisbon amends, or attempts to amend, the project plan of Tax
14 Incremental District Number 12 on January 1, 2012, based on actions taken by the common
15 council between July 1, 2011, and December 31, 2011, the tax incremental base of the district
16 shall be redetermined by the department of revenue as if the district's project plan had been
17 amended on January 1, 2012, except that the department of revenue may not certify a value
18 increment under par. (b), that reflects the amendment to the district's plan, before 2012. In
19 addition, the time limits specified for the city clerk in par. (b), and the provisions relating to
20 the 12 percent limit findings requirement under sub. (4) (gm) 4. c., 2013-14, stats., do not
21 apply to an amendment to the project plan of Tax Incremental District Number 12 in the city
22 of New Lisbon.

1 **(10)** (c) The department of revenue shall exclude any parcel in a newly created tax
2 incremental district that is located in an existing district when determining compliance with
3 the ~~12~~ 15 percent limit described in sub. (4) (gm) 4. c.

4 **(12)** EQUALIZED VALUATION; THE ~~12~~ 15 PERCENT LIMIT. If the department of revenue
5 notifies a local legislative body that is not in compliance with the ~~12~~ 15 percent limit described
6 in sub. (4) (gm) 4. c., the local legislative body shall do one of the following:

7 (b) Remove parcels from the district's, or proposed district's, boundaries so that the
8 district, or proposed district, complies with the ~~12~~ 15 percent limit. Such a removal of parcels
9 may not substantially alter the project plan as approved under sub. (4) (g), or the resolution
10 adopted under sub. (4) (gm) and approved by the joint review board under sub. (4m) (b) 2.
11 Not later than 30 days after receiving the department's notice of noncompliance under sub.
12 (4) (gm) 4. c., the city clerk shall submit, or resubmit, to the department the application
13 described under sub. (5) (b), and the application shall reflect the removal of parcels under this
14 paragraph.

15 **(16)** (d) The department of revenue may not include the equalized value of taxable
16 property of a district created under this subsection when applying the ~~12~~ 15 percent limit
17 findings requirement under sub. (4) (gm) 4. c. to a city or village which annexes or attaches
18 such a district.

19 **(17)** EXCEPTIONS TO THE ~~12~~ 15 PERCENT LIMIT. (a) Subject to par. (b), a city may
20 simultaneously create a tax incremental district under this section and adopt an amendment
21 to a project plan to subtract territory from an existing district without adopting a resolution
22 containing the ~~12~~ 15-percent-limit findings specified in sub. (4) (gm) 4. c. if all of the
23 following occur:

