

1        **AN ACT** *to repeal* 66.1105 (6) (f) 2. (intro.) a., b., and c.; *to renumber and amend*  
 2            66.1105 (6) (f) 2. d.; and *to amend* 66.1106 (2) (c) and (7) (e) (intro.) of the statutes;  
 3            **relating to:** authorizing any tax incremental district to use allocated tax increments  
 4            donated from another tax incremental district.

*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**

A tax incremental district (TID) is required to terminate under current law, and with some exceptions, once its project costs are paid back. Under one of the exceptions, a city or village may amend the TID’s project plan to allow the TID to become a “donor TID” and allocate positive tax increments generated by the TID to another TID within the city or village (recipient TID), including an environmental remediation TID. In general, the allocation of positive tax increments from a donor TID to one or more recipient TIDs cannot be made unless the donor TID has first satisfied all of its current–year debt service and project cost obligations and the life of a donor TID may not be extended. Positive tax increments may be allocated from a donor TID to a recipient TID if all of the following conditions have been met:

- Both the donor and recipient TIDs have the same overlying taxing jurisdictions.
- The allocation of tax increments is approved by the joint review board (JRB).

Tax increments allocated may only be used by the recipient TID if one of the following applies:

- The project costs in the recipient TID are used to create, provide, or rehabilitate low–cost housing or to remediate environmental contamination.

- The recipient TID was created upon a finding that not less than 50 percent, by area, of the real property within the TID is blighted or in need of rehabilitation.
- The recipient TID is a mixed-use or industrial-use district that has been designated as a distressed TID or a severely distressed TID.
- The recipient TID is an environmental remediation TID.

In situations where both the donor TID and recipient TID were created before October 1, 1995 (or before October 1, 1996, for first class cities) the donor TID may, in general, allocate its positive tax increments for up to 10 years if all of the following conditions are met:

- The donor TID and the recipient TID have the same overlying taxing jurisdictions.
- The donor TID is able to demonstrate, based upon the positive tax increments that are currently generated, that it has sufficient revenues to pay for all project costs that have been incurred under the project plan for that district and sufficient surplus revenues to pay for some of the eligible costs of the recipient TID.

### **The Draft**

This draft allows any TID to be a recipient TID and use tax increments to use allocated tax increments donated from another tax incremental district.

1           **SECTION 1.** 66.1105 (6) (f) 2. (intro.) a., b., and c. of the statutes are repealed.

**NOTE:** This SECTION repeals the language that allows an allocation of tax increments to be used by a recipient TID only if one of the following applies: (1) the project costs in the recipient TID are used to create, provide, or rehabilitate low-cost housing or to remediate environmental contamination; (2) the recipient TID was created upon a finding that not less than 50 percent, by area, of the real property within the district is blighted or in need of rehabilitation; or (3) the recipient is a mixed-use or industrial use district that has been designated as a distressed TID or a severely distressed TID.

2           **SECTION 2.** 66.1105 (6) (f) 2. d. of the statutes is renumbered subd. 5. and amended to  
3           read:

1           66.1105 (6) (f) 5. ~~The recipient district is an~~ An environmental remediation tax  
2 incremental district created under s. 66.1106 may be a recipient district and may use any  
3 allocated tax increments that are allocated to it under this paragraph.

**NOTE:** This SECTION clarifies that tax increments from a TID created  
under s. 66.1105, stats., may still be allocated to, and used by, an  
environmental remediation TID.

4           **SECTION 3.** 66.1106 (2) (c) and (7) (e) (intro.) of the statutes are amended to read:

5           66.1106 (2) (c) Notwithstanding par. (a) or (b), or sub. (7) (d) 1. or (11) (a), if the  
6 governing body of a political subdivision determines that all eligible costs of an environmental  
7 remediation tax incremental district that it created will be paid before the date specified in sub.  
8 (11) (b), the governing body of that political subdivision may adopt a resolution requesting  
9 that the department allocate positive environmental remediation tax increments generated by  
10 that donor environmental remediation tax incremental district to pay the eligible costs of  
11 another environmental remediation tax incremental district created by that governing body or  
12 to pay project costs, as defined in s. 66.1105 (2) (f), of a tax incremental district created under  
13 s. 66.1105 and located in the same overlying taxing jurisdictions and that satisfies one of the  
14 requirements under s. 66.1105 (6) (f) ~~2.~~ 5. A resolution under this paragraph must be adopted  
15 before the expiration of the period of certification.

16           (7) (e) (intro.) Notwithstanding par. (d), if the governing body of a political subdivision  
17 adopts a resolution described in sub. (2) (c), it shall provide a copy of the resolution to the  
18 department. The department shall authorize a positive environmental remediation tax  
19 increment generated by a donor district, as described in sub. (2) (c), to the political subdivision  
20 that incurred eligible costs to remediate environmental pollution in another district within that  
21 political subdivision or that incurred project costs, as defined in s. 66.1105 (2) (f), for a tax  
22 incremental district within that political subdivision that was created under s. 66.1105 and that

1 satisfies one of the requirements under s. 66.1105 (6) (f) ~~2~~ 5, as described in sub. (2) (c), until  
2 the earlier of the following occurs:

**NOTE:** Section 3 updates the new cross-reference applicable to the allocation of tax increments to an environmental remediation TID.

3 (END)