

1 **AN ACT** *to renumber* 66.1105 (14); *to amend* 66.1105 (2) (i), 66.1105 (6) (e) 1. a. and
2 (f) 1. a. and 66.1105 (14) (title); and *to create* 66.1105 (6) (h) and 66.1105 (14) (b) of
3 the statutes; **relating to:** modifying the requirements for sharing tax increments by
4 tax incremental districts and limiting the participation of certain special purpose
5 districts in tax incremental district financing.

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. 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).

If 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

Under the draft, for a TID that exists on the effective date of the draft, TIDs may share tax increments notwithstanding the fact that they do not have the same overlying taxation jurisdictions if the dissimilarity is because one of the districts includes a lake sanitary district, a public inland lake protection and rehabilitation, or a town sanitary district (special districts). Also under the draft, for TIDs created on or after the day that the draft takes effect, special districts may not participate in the financing of a TID.

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

2 66.1105 (2) (i) “Tax increment” means that amount obtained by multiplying the total
3 county, city, school and other local general property taxes levied on all taxable property within
4 a tax incremental district in a year by a fraction having as a numerator the value increment for
5 that year in the district and as a denominator that year’s equalized value of all taxable property
6 in the district. In any year, a tax increment is “positive” if the value increment is positive; it
7 is “negative” if the value increment is negative. With regard to a tax incremental district
8 created on or after the effective date of this paragraph ... [LRB inserts date], a tax increment
9 shall not include general property taxes levied by a lake sanitary district, as defined in s. 30.50
10 (4q), a public inland lake protection and rehabilitation district organized under ch. 33, or a
11 town sanitary district organized under subch. IX of ch. 60.

NOTE: This SECTION amends the definition of a tax increment to exclude general taxes levied by lake sanitary districts, public inland lake protection and rehabilitation districts, and town sanitary districts for any TID created on or after the effective date of this draft. It also excludes these general taxes from the allocation of tax increments from a donor

TID to a recipient TID if the both TIDs do not have the same overlying taxing districts because either TID includes one or more of these taxing districts.

1 **SECTION 2.** 66.1105 (6) (e) 1. a. and (f) 1. a. of the statutes are amended to read:

2 66.1105 (6) (e) 1. a. ~~The Except as provided in par. (h), the donor tax incremental~~
3 district, the positive tax increments of which are to be allocated, and the recipient tax
4 incremental district have the same overlying taxing jurisdictions.

5 (f) 1. a. ~~The Except as provided in par. (h), the donor tax incremental district, the positive~~
6 tax increments of which are to be allocated, and the recipient tax incremental district have the
7 same overlying taxing jurisdictions.

8 **SECTION 3.** 66.1105 (6) (h) of the statutes is created to read:

9 66.1105 (6) (h) With regard to a tax incremental district that exists on the effective date
10 of this paragraph [LRB inserts date], positive tax increments generated by one district may
11 be allocated to another district, as described under pars. (e) and (f), if the two districts do not
12 have the same overlying taxation districts because either the donor or recipient district
13 includes one or more of the following:

- 14 1. A lake sanitary district, as defined in s. 30.50 (4q).
15 2. A public inland lake protection and rehabilitation district organized under ch. 33.
16 3. A town sanitary district organized under subch. IX of ch. 60.

NOTE: SECTIONS 2 and 3 provide an exception to the requirement that the donor and recipient TIDs must have the same overlying taxing jurisdictions in order for tax increments to be allocated to the recipient. Specifically, those SECTIONS provide that with regard to a TID that exists on the effective date of the draft, positive tax increments generated by one TID may be allocated to another TID even if the two districts do not have the same overlying taxing districts because either the donor or the recipient TID have one or more of the following: (1) a lake sanitary district; (2) a public inland lake protection and rehabilitation district; or (3) a town sanitary district.

1 **SECTION 4.** 66.1105 (14) (title) of the statutes is amended to read:

2 66.1105 (**14**) (title) USE OF TAX INCREMENTAL FINANCING FOR INLAND LAKE PROTECTION
3 AND REHABILITATION PROHIBITED, LIMITING PARTICIPATION OF CERTAIN LAKE AND SANITARY
4 DISTRICTS.

NOTE: This SECTION amends the title of the section of the statutes to include reference to the content created in SECTION 6 of the draft.

5 **SECTION 5.** 66.1105 (14) of the statutes is renumbered 66.1105 (14) (a).

 Note: This SECTION renumbers a provision of the statutes related to inland lake protection and rehabilitation districts in order to make a place in the statutes for the content created in SECTION 6 of the draft.

6 **SECTION 6.** 66.1105 (14) (b) of the statutes is created to read:

7 66.1105 (**14**) (b) For a tax incremental district that is created on or after the effective
8 date of this paragraph [LRB inserts date], none of the following special purpose districts
9 may participate in the financing of a tax incremental district:

- 10 1. A lake sanitary district, as defined in s. 30.50 (4q).
- 11 2. A public inland lake protection and rehabilitation district organized under ch. 33.
- 12 3. A town sanitary district organized under subch. IX of ch. 60.

NOTE: This SECTION provides that lake sanitary districts, public inland lake protection and rehabilitation districts, and town sanitary districts may not participate in the financing of any TID created on or after the effective date of this draft.

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(END)