



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-1064/2
MES:jld:rs

2015 BILL

AN ACT to amend 66.1105 (4e) (a) of the statutes; **relating to:** designation of tax incremental districts as distressed or severely distressed districts.

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.

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 Tax Incremental Financing (TIF).

Background

During the 2009-10 legislative session, the TIF law was amended to allow the local legislative body of a city or village (local government) to designate a tax incremental district (TID) that was created before October 1, 2008, as a distressed TID or severely distressed TID.

As originally enacted, the distressed and severely distressed TID law required a local government to declare a TID to be distressed or severely distressed by October 1, 2011. 2011 Wisconsin Act 41 extended that date to 2015 and also repealed a requirement of the distressed and severely distressed TID law that required a district to be at least 7 years old before being declared distressed or severely distressed.

BILL

Under current law, a local government may designate such a TID as either distressed or severely distressed when the local government, in addition to other procedural requirements, adopts a resolution finding that the project costs exceed the amount of revenues from all sources that the city or village expects the district to generate during the life of the TID.

For a local government to designate a district as a severely distressed TID, current law also requires a finding that the amount of the value increment generated in any year has declined at least 25 percent from the district's highest value increment over the course of the district's lifespan.

A local government must act by October 1, 2015, to declare a TID as distressed or severely distressed. Also, no TID may be declared distressed or severely distressed if the local government approves a project amendment after October 1, 2009, except for the amendment that declares the TID distressed or severely distressed.

If a district is designated as a distressed TID, it may collect positive tax increments for up to 10 years after it would otherwise have been required to terminate. If a district is designated as a severely distressed TID, then it is able to collect positive tax increments for up to 40 years after the district was originally created.

The Bill

The bill replaces the October 1, 2015, deadline by which a local government must declare a TID to be distressed or severely distressed with a new deadline of October 1, 2020.

SECTION 1. 66.1105 (4e) (a) of the statutes is amended to read:

66.1105 (4e) (a) Before October 1, ~~2015~~ 2020, and subject to par. (am) and the limitations in this subsection, a city may designate a tax incremental district that it created before October 1, 2008, as a distressed or severely distressed tax incremental district if all of the following occur or apply:

NOTE: The above amendment replaces the statutory sunset of October 1, 2015, with a new deadline of October 1, 2020.

(END)