

Report to the Joint Legislative Council



Study Committee on the Review of Tax Incremental Financing

February 4, 2015

LCR 2015-04

Wisconsin Legislative Council
One East Main Street, Suite 401
Madison, WI 53703-3382
Phone: (608) 266-1304
Fax: (608) 266-3830

www.legis.wisconsin.gov/lc

STUDY COMMITTEE ON THE REVIEW OF TAX INCREMENTAL FINANCING

Prepared by:
Scott Grosz, Principal Attorney and Melissa Schmidt, Senior Staff Attorney
February 4, 2015

CONTENTS

PART I KEY PROVISIONS OF COMMITTEE RECOMMENDATIONS	5
LRB-1063/1, Relating to Redetermination of Base Value For Tax Incremental Districts	5
LRB-1064/2, Relating to Designation of Tax Incremental Districts as Distressed or Severely Distressed Districts.....	5
LRB-1065/1, Relating to Limits on TID Creation as Measured by Total TID Value	5
LRB-1066/1, Relating to Inclusion of Vacant Land Within the Boundaries of a Tax Incremental District and Exclusion of Tax-Exempt City-Owned Property From the Initial Tax Incremental Base of a Tax Incremental District	6
LRB-1067/1, Relating to Tax Incremental Financing Project Plan Amendments and Extending the Life of a Tax Incremental District if the District is Adversely Impacted by Statutory Changes to the Method of Calculating Equalized Valuation	6
LRB-1068/1, Relating to Modifying the Requirements for Sharing Tax Increments by Tax Incremental Districts, Limiting the Participation of Certain Special Purpose Districts in Tax Incremental District Financing, and Authorizing Any Tax Incremental District to Use Allocated Tax Increments Donated From Another Tax Incremental District.....	6
LRB-1069/1, Relating to Standing Joint Review Boards, Annual Joint Review Board Meetings, Annual Reports on Tax Incremental Districts, and Granting Rule-Making Authority	7
LRB-1070/1, Relating to Industrial Zoning Requirements in Tax Incremental Districts, Planning Commission Notice for Tax Incremental District Amendments, Obsolete References Relating to Tax Incremental Districts, Allocation of Tax Increments, Joint Review Board Review, and Calculation of Levy Limits Following Dissolution of a Tax Incremental District.....	8
PART II COMMITTEE ACTIVITY	9
Assignment.....	9
Summary of Meetings.....	9

PART III RECOMMENDATIONS INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL..... 13

- LRB-1063/1, Relating to Redetermination of Base Value for Tax Incremental Districts 13
 - Background 13
 - Description 14
- LRB-1064/2, Relating to Designation of Tax Incremental Districts as Distressed or Severely Distressed Districts..... 14
 - Background 14
 - Description 15
- LRB-1065/1, Relating to Limits on TID Creation as Measured by Total TID Value 15
 - Background 15
 - Description 15
- LRB-1066/1, Relating to Inclusion of Vacant Land Within the Boundaries of a Tax Incremental District and Exclusion of Tax-Exempt City-Owned Property From the Initial Tax Incremental Base of a Tax Incremental District 16
 - Background 16
 - Description 16
- LRB-1067/1, Relating to Tax Incremental Financing Project Plan Amendments and Extending the Life of a Tax Incremental District if the District is Adversely Impacted by Statutory Changes to the Method of Calculating Equalized Valuation..... 17
 - Background 17
 - Description 18
- LRB-1068/1, Relating to Modifying the Requirements for Sharing Tax Increments by Tax Incremental Districts, Limiting the Participation of Certain Special Purpose Districts in Tax Incremental District Financing, and Authorizing Any Tax Incremental District to Use Allocated Tax Increments Donated From Another Tax Incremental District..... 18
 - Background 18
 - Description 19
- LRB-1069/1, Relating to Standing Joint Review Boards, Annual Joint Review Board Meetings, Annual Reports on Tax Incremental Districts, and Granting Rule-Making Authority 20
 - Joint Review Boards and Tax Incremental District Annual Reports..... 20
 - Industry-Specific Town Tax Incremental Districts..... 22

LRB-1070/1, Relating to Industrial Zoning Requirements in Tax Incremental Districts, Planning Commission Notice for Tax Incremental District Amendments, Obsolete References Relating to Tax Incremental Districts, Allocation of Tax Increments, Joint Review Board Review, and Calculation of Levy Limits Following Dissolution of a Tax Incremental District.....	23
Industrial Zoning Requirements in Tax Incremental Districts	24
Planning Commission Notice for TID Amendments.....	24
Obsolete References	24
Timing Penalty.....	25
JRB Review Period.....	25
Calculation of Levy Limit Exception	25
APPENDIX 1	27
Committee and Joint Legislative Council Votes.....	27
APPENDIX 2	29
Joint Legislative Council.....	29
APPENDIX 3	31
Committee List.....	31
APPENDIX 4	33
Committee Materials List.....	33

PART I

KEY PROVISIONS OF COMMITTEE RECOMMENDATIONS

The Study Committee on the Review of Tax Incremental Financing recommends the following bill drafts to the Joint Legislative Council for introduction in the 2015-16 Session of the Legislature.

LRB-1063/1, RELATING TO REDETERMINATION OF BASE VALUE FOR TAX INCREMENTAL DISTRICTS

LRB-1063/1 allows a local legislative body to require the Department of Revenue (DOR) to redetermine the base value for a tax incremental district (TID) if the following conditions are satisfied:

- The district is in a decrement situation, meaning the value of taxable property in the district is at least 10% less than the base value for the district.
- The local legislative body adopts a resolution to require DOR to redetermine the district's base value. A local legislative body may adopt such a resolution only if the TID's project plan authorizes or is amended to authorize redetermination.

LRB-1064/2, RELATING TO DESIGNATION OF TAX INCREMENTAL DISTRICTS AS DISTRESSED OR SEVERELY DISTRESSED DISTRICTS

LRB-1064/2 extends the deadline by which a local government must declare a TID to be distressed or severely distressed from October 1, 2015 to October 1, 2020.

LRB-1065/1, RELATING TO LIMITS ON TID CREATION AS MEASURED BY TOTAL TID VALUE

LRB-1065/1 increases, from 12% to 15%, the allowable ratio of TID value increments to total equalized value of taxable property in a municipality. Generally, a municipality may not create a new TID if that ratio exceeds the statutory limit.

LRB-1066/1, RELATING TO INCLUSION OF VACANT LAND WITHIN THE BOUNDARIES OF A TAX INCREMENTAL DISTRICT AND EXCLUSION OF TAX-EXEMPT CITY-OWNED PROPERTY FROM THE INITIAL TAX INCREMENTAL BASE OF A TAX INCREMENTAL DISTRICT

LRB-1066/1 removes the restriction that vacant property may not comprise more than 25% of the area of a newly-created TID, and excludes all tax-exempt city-owned property from the calculation of a TID's initial tax incremental base value.

LRB-1067/1, RELATING TO TAX INCREMENTAL FINANCING PROJECT PLAN AMENDMENTS AND EXTENDING THE LIFE OF A TAX INCREMENTAL DISTRICT IF THE DISTRICT IS ADVERSELY IMPACTED BY STATUTORY CHANGES TO THE METHOD OF CALCULATING EQUALIZED VALUATION

LRB-1067/1 allows a TID's project plan to be amended, or its maximum lifespan to be extended by an additional five years, or both, if at any time during the life of the TID, the annual and total amount of tax increments to be generated over the life of the district are adversely impacted by one or more of the following:

- An amendment to the provisions of tax incremental financing (TIF) law, found in s. 66.1105, Stats.
- A change made by DOR to the equalized valuation method.
- A change made by 2013 Wisconsin Act 145 (2013 Act 145) that increased state aid to technical college districts in order to reduce the total statewide levy of technical college districts.

LRB-1068/1, RELATING TO MODIFYING THE REQUIREMENTS FOR SHARING TAX INCREMENTS BY TAX INCREMENTAL DISTRICTS, LIMITING THE PARTICIPATION OF CERTAIN SPECIAL PURPOSE DISTRICTS IN TAX INCREMENTAL DISTRICT FINANCING, AND AUTHORIZING ANY TAX INCREMENTAL DISTRICT TO USE ALLOCATED TAX INCREMENTS DONATED FROM ANOTHER TAX INCREMENTAL DISTRICT

LRB-1068/1 removes certain barriers that prevent TIDs from sharing tax increments. Specifically, the bill draft does all of the following:

- Allows a TID in existence on the effective date of the bill draft to become a donor TID and share tax increments with a recipient TID even if the two TIDs do not have the same overlying taxation jurisdictions if the dissimilarity arises because of a lake sanitary

district, a public inland lake protection and rehabilitation district, or a town sanitary district (special districts).

- Prohibits special districts from participating in the financing of a TID for any TID created on or after the effective date of the bill draft.
- Allows any type of a TID to be a recipient of donated tax increments.

LRB-1069/1, RELATING TO STANDING JOINT REVIEW BOARDS, ANNUAL JOINT REVIEW BOARD MEETINGS, ANNUAL REPORTS ON TAX INCREMENTAL DISTRICTS, AND GRANTING RULE-MAKING AUTHORITY

LRB-1069/1 amends the process by which a TID's annual report is reviewed, including an industry-specific town TID and an environmental remediation TID. The bill draft also repeals the process by which DOR may be requested to review and make a determination as to whether the money expended, or debt incurred by an industry-specific town TID in the prior year complied with current law. Specifically, the bill draft does all of the following:

- Requires a city, village, town, or county to submit an annual report by July 1, describing the status of each existing TID to each overlying taxing jurisdiction as well as to DOR.
- Provides a list of information that must be included in the annual report, including information about any developer who is named in a developer's agreement or receives financial assistance from tax increments generated by the TID, when the TID is expected to terminate, and a financial analysis of the TID.
- Requires every Joint Review Board (JRB) to exist during the life of a TID and requires the JRB to meet annually on July 1, or as soon as the annual report becomes available.
- Requires DOR to post on its official Internet site the annual reports describing the status of a TID and allows DOR to grant an extension of time.
- Requires DOR to charge a fee of \$100 per day for each day that the annual report is past due.
- Repeals the process by which DOR may be requested to review and make a determination as to whether the money expended, or debt incurred by an industry-specific town TID complies with current law. A request may be made by various parties located either inside or outside of the town. This process which is not available for any other type of TID.

LRB-1070/1, RELATING TO INDUSTRIAL ZONING REQUIREMENTS IN TAX INCREMENTAL DISTRICTS, PLANNING COMMISSION NOTICE FOR TAX INCREMENTAL DISTRICT AMENDMENTS, OBSOLETE REFERENCES RELATING TO TAX INCREMENTAL DISTRICTS, ALLOCATION OF TAX INCREMENTS, JOINT REVIEW BOARD REVIEW, AND CALCULATION OF LEVY LIMITS FOLLOWING DISSOLUTION OF A TAX INCREMENTAL DISTRICT

LRB-1070/1 addresses several issues, each identified by the Study Committee as technical in nature, including:

- Specification that the requirement that any real property within a TID found suitable for industrial sites and zoned for industrial use will remain zoned for industrial use for the life of the TID only applies to an industrial TID.
- Reduction of the notice required by a planning commission in relation to a TID amendment from a Class 2 notice to a Class 1 notice.
- Elimination of certain statutory references relating to TIF law that DOR identified as obsolete.
- Extension of a TID's lifespan and period for allocation of positive TID increments by one year, in certain cases where the timing of the TID's creation has reduced the maximum number of positive increments that may be allocated to the TID.
- Extension, from 30 days to 45 days, of the maximum review period a JRB has to approve a municipality's resolution related to a TID after receiving the resolution.
- Exclusion of any TID value increments from a municipality's equalized value for purposes of calculating an exemption from a municipality's levy limit that applies to a year in which a TID terminates.

PART II

COMMITTEE ACTIVITY

ASSIGNMENT

The Joint Legislative Council established the Study Committee on the Review of Tax Incremental Financing and appointed the chairperson by a March 19, 2014 mail ballot. The committee was directed to study and review the intent behind TIF laws and how the TIF laws are utilized by cities, villages, towns, and counties. The committee was also directed to evaluate current TIF laws and recommend legislation that could improve their effectiveness and study how they impact a local governmental unit's finances and property taxes; economic and community development; and job growth.

Membership of the Study Committee was appointed by a May 21, 2014 mail ballot. The final committee membership consisted of two Senators, four Representatives, and 12 public members. A list of committee members is included as **Appendix 3** to this report.

SUMMARY OF MEETINGS

The committee held five meetings on the following dates:

July 17, 2014

August 14, 2014

September 10, 2014

October 9, 2014

November 13, 2014

At the July 17, 2014 meeting, the Study Committee received testimony from several invited speakers. **Nate Ristow**, Legislative Advisor, DOR presented information on DOR's administrative role under Wisconsin's TIF law.

William J. Mielke, P.E., R.L.S., President and CEO, Municipal Finance Team Leader, Ruekert-Mielke, and **Jared Schmidt**, P.E., Civil/Municipal Engineering Manager, Robert E. Lee & Associates, presented information regarding their work as TIF consultants. **Michael Mooney**, Co-Founder, Chairman, and Principal, MLG Commercial, and **Brad Binkowski**, President, Urban Land Interests, presented information regarding how they use TIF resources to assist development projects.

At the August 14, 2014 meeting, the Study Committee received testimony from several invited speakers from various cities across the state. **Joe Gromacki**, TIF Coordinator, City of Madison, provided an overview of fundamental concepts relating to how the City of Madison analyzes the feasibility of a potential TIF project. **T.J. Justice**, City Administrator and Development Director, City of West Bend, presented information regarding the use of TIF in the City of West Bend, as well as

the city's experience with distressed TIDs. **Darryn Burich**, Planning Director, City of Oshkosh, presented information regarding the use of TIF in the City of Oshkosh. **Keith Bosman**, Mayor, and **Frank Pacetti**, City Administrator, City of Kenosha, presented information regarding the use of TIF in the City of Kenosha, including its experience with creating a TID for Amazon.com.

The Study Committee received testimony from **James Spiotto**, Managing Director, Chapman Strategic Advisors, L.L.C., relating to information about how state policies can assist a municipality in economic distress. The committee also received testimony from **John Kovari**, Ph.D., Assistant Professor, Department of Political Science/Public Administration, UW-La Crosse, who presented his research evaluating the impact of TIF in Wisconsin communities.

At the September 10, 2014 meeting, the Study Committee heard a presentation from **Brian Quinn**, Executive Policy and Budget Analyst – Senior, Division of Executive Budget and Finance, Department of Administration. Mr. Quinn appeared before the committee to describe his analysis of statewide trends in the usage of TIF districts.

Melissa Schmidt, Senior Staff Attorney and **Scott Grosz**, Principal Attorney, began the discussion of committee assignment with an overview of Memo No. 2, *Committee Options for Possible Legislation* (September 3, 2014). Their discussion included a description of the manner in which Legislative Council staff summarized and organized committee members' suggestions, which were submitted to Legislative Council staff as directed by Chair Gudex at the previous committee meeting. Following that overview, Chair Gudex led the committee through a discussion of the options presented in the Memo, as organized by subject matter categories including: (a) the "but for" test; (b) the definition of "blight"; (c) project costs; (d) the 12% rule; (e) JRB; (f) levy limits and incentives to close TIDs; (g) aid to TIDs in crisis; and (h) clarity of TIF statutes.

At the October 9, 2014 meeting, the Study Committee, the committee continued its review of options presented in Memo No. 2, *Committee Options for Possible Legislation* (September 3, 2014). Building on its discussions in the September meeting, the committee reviewed the remaining portion of the Memo for options that should be developed into draft proposals for further consideration. Topics discussed by the committee included: (a) changes in state statutes adversely impacting TIDs; (b) donor TIDs; (c) mixed-use TIDs; (d) town TIDs; (e) "Super TIDs"; (f) TID creation process; (g) TID amendment process; (h) project plans; (i) annual reports, clarity of TIF statutes, and data collection and study; and (j) TIF best practices.

The committee continued its meeting with review of several of the bill drafts prepared by the Legislative Council staff as instructed at the previous meeting, including:

- WLC: 0012/P1, relating to the review period for JRB approval of a tax incremental district creation or amendment resolution. The committee requested that the draft also apply to industrial town TIDs and to environmental remediation TIDs.
- WLC: 0013/P1, relating to the timing and increase of the amount that a political subdivision may add to its levy limit upon the dissolution of a tax incremental financing district.
- WLC: 0015/P1, relating to redetermination of base value for blighted or rehabilitation tax incremental districts.

- WLC: 0016/P1, relating to limits on TID creation as measured by total TID value.
- WLC: 0017/P1, relating to designation of tax incremental districts as distressed or severely distressed districts.

At the November 13, 2014 meeting, the Study Committee discussed and voted to recommend the following 14 bill drafts, with certain modifications, to the Joint Legislative Council for introduction:

- WLC: 0012/1, relating to the review period for joint review board approval of a tax incremental district creation or amendment resolution.
- WLC: 0015/1, relating to redetermination of base value for blighted or rehabilitation tax incremental districts.
- WLC: 0017/1, relating to designation of tax incremental districts as distressed or severely distressed districts.
- WLC: 0018/P2, relating to standing joint review boards, annual joint review board meetings, annual reports on tax incremental districts submitted to joint review boards and the department of revenue, department of revenue audits of political subdivisions failing to comply.
- WLC: 0019/P1, relating to limits on TID creation as measured by total TID value.
- WLC: 0035/P1, relating to industrial zoning requirements in a tax incremental district.
- WLC: 0036/P1, relating to planning commission notice for amendment of a tax incremental district project plan.
- WLC: 0037/P1, relating to the department of revenue review and determination of industry-specific town tax incremental district project compliance.
- WLC: 0038/P1, relating to authorizing any tax incremental district to use allocated tax increments donated from another tax incremental district.
- WLC: 0039/P1, relating to modifying the requirements for sharing tax increments by tax incremental districts and limiting the participation of certain special purpose districts in tax incremental district financing.
- WLC: 0040/P1, relating to repealing various provisions of the tax incremental financing statutes.
- WLC: 0041/P1, relating to inclusion of vacant land within the boundaries of a tax incremental district.
- WLC: 0043/P1, relating to tax incremental financing project plan amendments and extending the life of a tax incremental district if the district is adversely impacted by statutory changes or changes to the equalized valuation method.

- WLC: 0044/P1, relating to allocation of positive tax increments and termination of tax incremental districts.

The Study Committee voted to combine several of the 14 bill drafts, resulting in a package of eight bill drafts for final recommendation to the Joint Legislative Council. Chair Gudex then requested staff to include all of the recommended bill drafts, as modified and combined by the committee, in a mail ballot for a final vote.

PART III

RECOMMENDATIONS INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL

LRB-1063/1, RELATING TO REDETERMINATION OF BASE VALUE FOR TAX INCREMENTAL DISTRICTS

Background

Under current law, following the creation of a TID, DOR determines the equalized value of the taxable property within the district. This value is referred to as the TID's "base value." Typically, during the TID's life span, property values of the property in the TID will rise above the base value, and the portion of taxes collected on the increase in value of property located in the TID will be used to pay back the project costs of the TID.

Current law, as affected by 2013 Wisconsin Act 183 (2013 Act 183), addresses the situation where the values of property in a TID do not rise as expected, but instead fall. Under this Act, a local legislative body of a city or village may, subject to JRB approval, request that DOR redetermine the base value of a TID in a "decrement situation" that continues for at least two consecutive years. A "decrement situation" is defined as a decline in current value of TID property of at least 10% compared to the current base value of the TID. A local legislative body may request redetermination of the base value of a TID in a decrement situation once during the lifespan of the TID, and DOR may impose a fee of \$1,000 for the redetermination. Additionally, before DOR may carry out a redetermination, the local legislative body must conduct a financial analysis of the TID, and must amend the TID project plan to satisfy at least one of the following conditions:

- With regard to the total value of public infrastructure improvement in the district that occurs after JRB approval, at least 51% of the value of the improvements must be financed by a private developer or other private entity in return for the city's or village's agreement to repay those costs solely through the payment of cash grants, and that cash grants must be paid through a development agreement with the city or village.
- All project costs are expected to be paid within 90% of the TID's remaining life.
- Expenditures may be made only within the first half of the TID's remaining life, unless approved by unanimous vote of the JRB, and subject to the generally applicable limitations or the timing of expenditures under TIF law.

[s. 66.1105 (5) (i), Stats.]

Committee members discussed the legislative history of 2013 Act 183, and discussed the positive effects on development that would arise if a TID's base value could be redetermined in other decrement situations.

Description

LRB-1063/1 proposes an alternative process for redetermining the base value of a TID. The bill draft would authorize a local legislative body to request redetermination any time that a TID is in a decrement situation for a single year. Under the bill draft, a local legislative body's ability to require redeterminations under the alternative process must first be included in the TID's project plan, resulting in JRB approval of the possibility of redetermination but not each specific resolution for redetermination. The ability of a local legislative body to request multiple redeterminations also must be specifically stated in the project plan. Under the bill draft, the \$1,000 fee to DOR would apply to each redetermination.

LRB-1064/2, RELATING TO DESIGNATION OF TAX INCREMENTAL DISTRICTS AS DISTRESSED OR SEVERELY DISTRESSED DISTRICTS

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 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 seven years old before being declared distressed or severely distressed.

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% 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.

Committee members discussed the need to extend the deadline by which a local government must declare a TID to be distressed or severely distressed, including options to extend the deadline or repeal it entirely.

Description

LRB-1064/2 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.

LRB-1065/1, RELATING TO LIMITS ON TID CREATION AS MEASURED BY TOTAL TID VALUE

Background

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

A city or village may amend a TID's project plan so that a proposed new, or existing, TID is in compliance if the creation of a new, or project plan amendment of an existing, TID would exceed the 12% limit. If DOR determines that the TID exceeds the 12% 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% 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% 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% limit does not apply to a TID created in former town territory until the year 2016.

Description

Committee members discussed whether the 12% limit places unnecessarily burdensome limits on a city or village's ability to utilize TIF law.

Under LRB-1065/1, references in s. 66.1105, Stats., to the 12% limit are generally modified to reflect an increase to a 15% limit for the ratio of TID value increments to total equalized value of taxable property in a city or village. References to the 12% limit that relate to exceptions to the rule

for specific communities are maintained at 12% and amended to reflect the law in place at the time of the creation of each exception.

LRB-1066/1, RELATING TO INCLUSION OF VACANT LAND WITHIN THE BOUNDARIES OF A TAX INCREMENTAL DISTRICT AND EXCLUSION OF TAX-EXEMPT CITY-OWNED PROPERTY FROM THE INITIAL TAX INCREMENTAL BASE OF A TAX INCREMENTAL DISTRICT

Background

With certain exceptions, current law specifies that property standing vacant for an entire seven-year period immediately preceding adoption of the resolution creating a TID may not comprise more than 25% of the area in the TID. With regard to the exceptions to this restriction, current law specifies that the restriction does not apply to property in a TID if the district is suitable for either industrial sites or mixed use development and the local legislative body implements an approved project plan to promote industrial development or mixed-use development. Current law defines “vacant property” to include property where the fair market value or replacement cost value of structural improvements on the parcel is less than the fair market value of the land, and excludes property relating to the Park East and Park West freeway corridors in Milwaukee County, and also excludes property that is contaminated by environmental pollution.

Additionally, under current law, DOR must certify the initial tax incremental base of a TID. Generally, this value is calculated as the aggregate value of all taxable property in the TID, plus the value of all tax-exempt city-owned property, except real property owned by a city and used for police and fire buildings, administrative buildings, libraries, community and recreational buildings, parks, streets and improvements within any street right-of-way, parking facilities, and utilities.

Committee members discussed the usefulness of the “vacant land test” and the effect on development of inclusion of certain tax-exempt city property in a TID’s initial base value.

Description

LRB-1066/1 removes the restriction that property standing vacant may not comprise more than 25% of the area in a TID for TIDs created after the effective date of the bill draft.

Additionally, for a TID created on or after the effective date of the bill draft, the bill draft revises the calculation of the initial tax incremental base of the district to exclude all tax-exempt city-owned property.

LRB-1067/1, RELATING TO TAX INCREMENTAL FINANCING PROJECT PLAN AMENDMENTS AND EXTENDING THE LIFE OF A TAX INCREMENTAL DISTRICT IF THE DISTRICT IS ADVERSELY IMPACTED BY STATUTORY CHANGES TO THE METHOD OF CALCULATING EQUALIZED VALUATION

Background

Generally, a city or village, and a town or county under certain circumstances, may, amend the project plan of a TID that is created under s. 66.1105, Stats., subject to the review and approval of JRB. There is no limit to the number of project plan amendments that may be made if they are related to the projects included in the original plan. However, only four amendments modifying the TID's boundaries by either adding or subtracting parcels are allowed. Also, a TID that has been in a decrement situation for two years in a row may, after amending its project plan, adopt a resolution requiring DOR to redetermine the tax incremental base of the TID, but may do so only once during the life of the TID.

Also under current law, a TID must terminate when the political subdivision has received aggregate tax increments with respect to the TID in an amount equal to pay all of the TID's project costs, when the political subdivision dissolves the TID by resolution, or when the TID reaches its maximum lifespan, whichever is earlier. A political subdivision may, however, request that the JRB extend the life of the TID if the TID is unable to pay off its project costs within the maximum lifespan of the TID. The maximum lifespan of a TID, and the extension to this lifespan allowed under current law, are as follows:

- For any TID created before October 1, 1995: the maximum lifespan is 27 years and the political subdivision may not request an extension to this lifespan.
- For a TID that was created between October 1, 1995 and September 30, 2004, and is blighted or in need of rehabilitation or conservation: the maximum life is 27 years and the political subdivision may request a four-year extension.
- For a TID that was created between October 1, 1995 and September 30, 2004, and is an industrial district: the maximum life is 23 years and the political subdivision may not request an extension to this lifespan.
- For a TID that was created on or after October 1, 2004, and is blighted or in need of rehabilitation or conservation: the maximum lifespan is 27 years and the political subdivision may request a three-year extension.
- For a TID that was created on or after October 1, 2004, and is an industrial district or mixed-use district: the maximum lifespan is 20 years and the political subdivision may request a three-year extension.

Committee members discussed the change in the valuation method for assessing property within TIDs that DOR implemented in 2010, and how this negatively impacted many TIDs across the state. Committee members also discussed the negative impact that 2013 Act 145 will have on

TIDs, as the Act's increase to state aid to technical college districts, it also reduced the total statewide levy of these districts. The committee also raised concerns that changes in state law and policy may cause otherwise successful TIDs to struggle and either become a distressed or severely distressed TID or rely on donated tax increments to pay off project costs.

Description

LRB-1067/1 allows a political subdivision to make any type of amendment to the project plan of a TID created under s. 66.1105, Stats., or to request an additional five-year extension to the TID's maximum lifespan at any time during the life of the TID, or both, if, the annual and total amount of tax increments to be generated over the life of the district are adversely impacted by one or more of the following:

- An amendment to the provisions of TIF law found under s. 66.1105, Stats.
- A change made by DOR to the equalized valuation method.
- A change made by 2013 Act 145 that increased state aid to technical college districts in order to reduce the total statewide levy of technical college districts.

LRB-1068/1, RELATING TO MODIFYING THE REQUIREMENTS FOR SHARING TAX INCREMENTS BY TAX INCREMENTAL DISTRICTS, LIMITING THE PARTICIPATION OF CERTAIN SPECIAL PURPOSE DISTRICTS IN TAX INCREMENTAL DISTRICT FINANCING, AND AUTHORIZING ANY TAX INCREMENTAL DISTRICT TO USE ALLOCATED TAX INCREMENTS DONATED FROM ANOTHER TAX INCREMENTAL DISTRICT

Background

Under current TIF law, a city or village may create a TID in part of its territory to foster development if at least 50% of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Also under current law, once a TID has been created, DOR calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

A TID is required to terminate, under current law and with some exceptions, once its project costs are paid back. Under one of the exceptions, the city, village, town, or county (political subdivision) may amend the TID's project plan to allow the positive tax increments from the TID ("donor" TID) to be allocated to another TID ("recipient" TID) also created by the political subdivision. Positive tax increments may not be allocated from a donor TID to a recipient TID unless all of the following conditions have been met:

- Both the donor and recipient TIDs are in the same municipality and have the same overlying taxing jurisdictions (county, school district, technical college district, lake sanitary district, a public inland lake protection and rehabilitation district, and a town sanitary district).
- The donor TID has first satisfied all of its current-year debt service and project cost obligations.
- The allocation of tax increments is approved by the 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 the district and sufficient surplus to pay for some of the eligible costs of the recipient TID.

Also, under current law, not all types of TIDs may be a recipient TID and use donated tax increments. Donated tax increments may only be used if one of the following applies to the recipient TID:

- 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%, 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.

Committee members raised concerns over the current statutory barriers that prevent the sharing of tax increments and discussed the benefits to a community if one TID is able to donate positive tax increments to another TID, which includes the ability to pay off the project costs of one more quickly.

Description

Under LRB-1068/1, 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, for TIDs created on or after the day that the bill draft takes effect, special districts may not participate in the

financing of a TID. Lastly, this draft allows any type of TID to be a recipient TID and use donated tax increments.

LRB-1069/1, RELATING TO STANDING JOINT REVIEW BOARDS, ANNUAL JOINT REVIEW BOARD MEETINGS, ANNUAL REPORTS ON TAX INCREMENTAL DISTRICTS, AND GRANTING RULE-MAKING AUTHORITY

Joint Review Boards and Tax Incremental District Annual Reports

Background

Under current law, a city or village may create a TID in part of its territory to foster economic development or to conduct environmental remediation. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Any city, village, town, or county (political subdivision) that seeks to create a TID, amend a TID project plan, have a TID's base redetermined, or incur project costs for an area that is outside of the TID's boundaries must convene a JRB. The JRB may be a temporary body, with a membership comprised of the city, village, or town; county; school district; and technical college district; and one public member. Alternatively, a political subdivision that creates a TID under general TIF authority [s. 66.1105, Stats.], may choose instead to create a standing JRB. By a majority vote, a temporary JRB may disband following approval or rejection of the proposal. A standing JRB, however, may remain in existence for the entire time that any TID created under s. 66.1105, Stats., exists in the political subdivision, except that the political subdivision may disband a standing JRB at any time.

Also under current law, the political subdivision must prepare and make available to the public an updated annual report describing the status of each existing TID, including expenditures and revenues. The political subdivision must also send a copy of the report by May 1, annually, to each overlying taxing jurisdiction (county, school district, technical college district, lake sanitary district, public inland lake protection and rehabilitation district, and town sanitary district).

Committee members raised concerns over the need for more transparency in a TID's performance and discussed the lack of power that JRBs have under current TIF law. They discussed the benefits of strengthening the transparency and accountability of a municipality that is creating a TID. Committee members discussed aspects of Illinois's TIF law, which requires JRBs to meet annually to review a TID's annual reports and requires the reports to also be submitted to the State Comptroller for posting on its website.

Description

LRB-1069/1 requires a political subdivision to always convene a standing JRB in order to create a TID, including an industry-specific town TID or an environmental remediation TID, and requires the standing JRB to remain in existence for the entire time that any TID exists in the political subdivision with the same overlying taxing jurisdictions as the overlying taxing jurisdictions represented on the standing JRB. The standing JRB may, by majority vote, disband following the termination of all existing TIDs located in the political subdivision with the same overlying taxing jurisdictions as the overlying taxing jurisdictions represented on the standing JRB.

The standing JRB must also meet annually to review the political subdivision's annual report that describes the status of each existing TID to review the performance and status of each existing TID. It must meet on July 1, or as soon as the updated annual report becomes available.

The political subdivision must submit the annual report describing the status of each existing TID to each overlying taxing jurisdiction as well as DOR, by July 1, annually. The copy of the annual report filed with DOR must be in electronic format and DOR must, by rule, create the format for the submission of the annual reports that a political subdivision must use when electronically filing the reports with DOR. The annual report must contain at least all of the following information:

- The name assigned to the TID.
- The classification of the TID that is included in the project plan and the scope of the project.
- The name of any developer who is named in a developer's agreement with the political subdivision or who receives any financial assistance from tax increments allocated for the TID.
- The date that the city expects the TID to terminate.
- The amount of tax increments to be deposited into a special fund for that TID.
- An analysis of the special fund for the TID that includes all of the following:
 - The balance in the special fund at the beginning of the fiscal year.
 - All amounts deposited in the special fund by source, including amounts received from another TID.
 - An itemized list of all expenditures from the special fund by category of permissible project costs.
 - The balance in the special fund at the end of the fiscal year, including a breakdown of that balance by source and a breakdown of that balance identifying any portion of the balance that is required, pledged, earmarked, or otherwise designated for payment of or securing of obligations and anticipated project costs. Any portion of such ending balance that has not been identified or is not identified as being required, pledged, earmarked, or otherwise designated for payment of or securing of obligations or anticipated project costs shall be designated as surplus.
- The contact information of the person designated by the political subdivision to respond to questions or concerns regarding the annual report.

DOR must post on its official Internet site the annual reports describing the status of an existing TID no later than 45 days after it receives the annual report. However, DOR may grant a political subdivision an extension of time for submitting the annual report if the political subdivision provides DOR with sufficient evidence that the report is in the process of being completed. DOR must post on its official Internet site, a list of political subdivisions that receive an extension of time

for submitting the annual report, the time period of the extension, and whether the municipality timely filed the annual report within the extension of time.

Also, if the political subdivision does not timely file its annual report, DOR must notify a political subdivision that its annual report is past due. Also, DOR must charge the political subdivision a fee of \$100 per day for each day that the annual report is past due. Because the bill draft does not specify where the fee should be deposited, the fees will be deposited in the common school fund.

Industry-Specific Town Tax Incremental Districts

Background

Any town may create an industry-specific TID for certain agricultural, forestry, manufacturing, or tourism projects. Any town may also create an industry-specific TID for residential development or retail development. However, the residential development must have a necessary and incidental relationship to an agricultural, forestry, manufacturing, or tourism project; and the retail development must be limited to the retail sale of products that are produced due to an agricultural, forestry, or manufacturing project.

Current law provides a process by which DOR may review an industry-specific town TID and issue a determination as to whether the money expended, or debt incurred, by the TID in the prior year complied with the requirement that the town only expend money or incur monetary obligations for the type of projects allowed under current law. Any of the following persons, including persons residing outside of the town, may file no later than July 1, a written request with DOR for such a review:

- An owner of taxable property that is located in the town that has created the district.
- An owner of taxable property that is located in a taxing jurisdiction which overlies the town in which the district is located (e.g. county, school districts, technical college districts, sewerage districts, and public inland lake protection and rehabilitation districts).
- An owner of taxable property in a city or village that borders the town in which the district is located.
- A taxing jurisdiction that overlies the town in which the district is located (e.g. county, school districts, technical college districts, sewerage districts, public inland lake protection, and rehabilitation districts).
- A city or village that borders the town in which the district is located.

DOR may deny any request for review if DOR believes, based on a review of the request, that insufficient grounds exist to support the alleged noncompliance. DOR must send written notification of its decision to the person who made the request for review and to the town. If DOR grants a request for review that is made under this paragraph, it must hold a hearing and send written notification of the hearing to all of the following: (1) the clerk of the town that created the

industry-specific town TID; (2) the person who requested the review; (3) the clerk of each overlying taxing jurisdiction; and (3) the clerk of every city or village that borders the town. The written notification shall include the time, date, and location of the hearing.

The Secretary of Revenue, or the secretary's designee, shall preside at the hearing and shall receive testimony and evidence on all issues that are related to the request for review. Following the hearing, the DOR Secretary must make a determination that either the town is in compliance or that the town made expenditures or incurred debts that are not allowed under current law. If the secretary makes a determination of noncompliance, the secretary must either order: (1) the town to pay back all ineligible costs to the district's overlying taxing jurisdictions, on a proportional basis that relates to each jurisdiction's share of the tax increment, from funds other than tax increments; or (2) the TID to be terminated. If the secretary orders the district to be terminated, the town becomes liable for all unpaid project costs actually incurred which are not paid from the special fund which contain the industry-specific town TID's allocated tax increments. Current law also allows any person or unit of government that received a notice to appeal the secretary's decision to the circuit court in Dane County.

Current law does not provide a similar review process applicable to a TID created by a city or village under s. 66.1105, Stats., or to an environmental remediation TID.

Committee members raised concerns over the ability for a person to request a DOR review even if he or she does not own property located in the town where the industry-specific town TID is located. Committee members raised questions of fairness and stated that it was unfair to allow such persons to request a review when there is no parallel provision applicable to other types of TIDs.

Description

LRB-1069/1 repeals the entire process, described above, relating to DOR's review and determination as to whether the money expended, or debt incurred, by an industry-specific town TID complied with current law.

LRB-1070/1, RELATING TO INDUSTRIAL ZONING REQUIREMENTS IN TAX INCREMENTAL DISTRICTS, PLANNING COMMISSION NOTICE FOR TAX INCREMENTAL DISTRICT AMENDMENTS, OBSOLETE REFERENCES RELATING TO TAX INCREMENTAL DISTRICTS, ALLOCATION OF TAX INCREMENTS, JOINT REVIEW BOARD REVIEW, AND CALCULATION OF LEVY LIMITS FOLLOWING DISSOLUTION OF A TAX INCREMENTAL DISTRICT

During its meetings, the committee identified various issues as technical in nature, as described below.

Industrial Zoning Requirements in Tax Incremental Districts

Background

Under current law, a resolution to create a TID must include a finding that not less than 50%, by area, of the real property within the district is at least one of the following: a blighted area; in need of rehabilitation or conservation work; suitable for industrial sites and zoned for industrial use; or suitable for mixed-use development. The resolution must also confirm that any real property within the district that is found suitable for industrial sites and is zoned for industrial use will remain zoned for industrial use for the life of the TID, and must declare that the district is a blighted area district, a rehabilitation or conservation district, an industrial district, or a mixed-use district based on the identification and classification of the property included within the district.

Description

LRB-1070/1 specifies that the requirement related to maintenance of industrial zoning applies only to districts that are declared to be industrial districts.

Planning Commission Notice for TID Amendments

Background

Under current law, a TID's project plan may be amended for several reasons, including modification of the expenditures allowed in a TID's project plan, addition or subtraction of territory to the TID's boundaries, extension of the TID's lifespan, and donation of tax increments to another TID.

Generally, the process to amend a TID's project plan is similar to the process of creating a TID, requiring a public hearing held by the planning commission and adoption of resolutions by the planning commission, municipality, and JRB to approve the plan or amendment. As part of this process, the planning commission must publish a class 2 notice of its public hearing. The JRB must publish notice of its meeting as a class 1 notice, at least five days before the meeting.

Under current law, a class 2 notice consists of insertions of the notice for two consecutive weeks, with the last insertion at least a week prior to the meeting date, in the appropriate newspaper of record under ch. 985, Stats. A class 1 notice, unless otherwise specified (for example, the requirement that the JRB must publish a notice five days before its meeting), requires a single insertion of the notice, at least a week prior to the meeting date, in the appropriate newspaper of record.

Description

LRB-1070/1 amends the notice requirement of the planning commission from a class 2 notice to a class 1 notice with regard to notices relating to the TID amendment process.

Obsolete References

Background

Over time, the statutes relating to TIF have been amended to include numerous provisions that are significantly limited in their scope, often relating to a single municipality or a particular

TID. Often, these amendments offer special statutory authorization regarding creation, amendment, or lifespan of a particular district or class of districts, or to TIDs in a particular municipality.

Description

LRB-1070/1 repeals certain provisions of the statutes relating to tax incremental financing that DOR identified as obsolete.

Timing Penalty

Background

Under current law, certain statutory and administrative deadlines relating to the allocation of positive tax increments to a TID combine to result in variation in the maximum number of positive increments that may be allocated to a TID, depending on the date on which a municipality acted to create the TID and its project plan. In particular, the maximum number of positive increments that a TID may receive is one fewer for a TID and project plan created after September 30 and before May 15 than for TIDs created on or after May 15 and before October 1.

Description

For newly created TIDs, the bill draft extends a TID’s lifespan and allocation period of positive tax increments by one year if the municipality that creates the TID adopts the project plan for the TID after September 30 and before May 15.

JRB Review Period

Background

Before a municipality’s resolution to create a TID, amend a TID’s project plan, or require DOR to redetermine a TID’s base value may take effect, several steps are required. One of these steps is JRB approval of a municipality’s TID resolution. A JRB consists of members who represent the overlying taxation districts. In general, the JRB must approve the resolution by a majority vote within 30 days after receiving the resolution. The review period applicable to an industry-specific TID located in a town and an environmental remediation TID is not less than 10 days nor more than 30 days.

Description

Calculation of Levy Limit Exception

Background

LRB-1070/1 amends the maximum review period the JRB has to approve a municipality’s TID resolution from 30 days to 45 days after receiving the resolution.

Generally, under the current local levy law, and subject to a number of exceptions, a city, village, town, or county (political subdivision) may not increase its base levy (the prior year’s actual levy) in any year by more than the percentage change in the political subdivision’s equalized value due to new construction, less improvements removed, including new construction that occurs in a TID between the previous year and the current year, but not less than 0%. Also, when determining

its levy limit, a municipality must exclude the amount of any tax increment generated by property in a TID located in the municipality.

There are numerous exceptions that may be used to adjust a political subdivision's levy limit. One exception authorizes an increase in a municipality's levy limit for the year that a TID terminates. If DOR does not certify a TID as a result of the district's termination, the levy limit otherwise applicable is increased by an amount equal to the municipality's maximum allowable levy for the preceding year, multiplied by a percentage equal to 50% of the amount determined by dividing the terminated TID's value increment by the municipality's equalized value, as determined by DOR. The increase must be applied to the municipality's levy limit in the year that the TID terminates.

Description

LRB-1070/1 specifies that the municipality's equalized value for the preceding year, as used in the calculation of the levy limit exception for the year that a TID terminates, excludes the value of any TID value increments.

COMMITTEE AND JOINT LEGISLATIVE COUNCIL VOTES

The following drafts were recommended by the Study Committee on the Review of Tax Incremental Financing.

STUDY COMMITTEE VOTE

The Study Committee voted by a December 8, 2014 mail ballot, to recommend the following drafts to the Joint Legislative Council for introduction in the 2015-16 Session of the Legislature. The vote on the drafts was as follows:

- WLC: 0015/2, relating to redetermination of base value for tax incremental districts, passed on a vote of Ayes, 18 (Sens. Gudex and Jauch; Reps. Kuglitsch, Loudenbeck, Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Kovari, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, Wilson, and Wortman); and Noes, 0. [WLC: 0015/2 subsequently became LRB-1063/1.]
- WLC: 0017/1, relating to designation of tax incremental districts as distressed or severely distressed districts, passed on a vote of Ayes, 17 (Sens. Gudex and Jauch; Reps. Kuglitsch, Loudenbeck, Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Kovari, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, and Wortman); and Noes, 1 (Public Member Wilson). [WLC: 0017/1 subsequently became LRB-1064/2.]
- WLC: 0019/1, relating to limits on TID creation as measured by total TID value, passed on a vote of Ayes, 17 (Sens. Gudex and Jauch; Reps. Kuglitsch, Loudenbeck, Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, Wilson, and Wortman); and Noes, 1 (Public Member Kovari). [WLC: 0019/1 subsequently became LRB-1065/1.]
- WLC: 0041/1, relating to inclusion of vacant land within the boundaries of a tax incremental district and exclusion of tax-exempt city-owned property from the initial tax incremental base of a tax incremental district, passed on a vote of Ayes, 17 (Sens. Gudex and Jauch; Reps. Kuglitsch, Loudenbeck, Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Kovari, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, and Wortman); and Noes, 1 (Public Member Wilson). [WLC: 0041/1 subsequently became LRB-1066/1.]
- WLC: 0043/1, relating to tax incremental financing project plan amendments and extending the life of a tax incremental district if the district is adversely impacted by statutory changes to the equalized valuation method, passed on a vote of Ayes, 16 (Sens. Gudex and Jauch; Reps. Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Kovari, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, Wilson, and

Wortman); and Noes, 2 (Reps. Kuglitsch and Loudenbeck). [WLC: 0043/1 subsequently became LRB-1067/1.]

- WLC: 0047/1, relating to modifying the requirements for sharing tax increments by tax incremental districts, limiting the participation of certain special purpose districts in tax incremental district financing, and authorizing any tax incremental district to use allocated tax increments donated from another tax incremental district, passed on a vote of Ayes, 17 (Sens. Gudex and Jauch; Reps. Kuglitsch, Loudenbeck, Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, Wilson, and Wortman); and Noes, 1 (Public Member Kovari). [WLC: 0047/1 subsequently became LRB-1068/1.]
- WLC: 0048/1, relating to standing joint review boards, annual joint review board meetings, annual reports on tax incremental districts submitted to joint review boards and the department of revenue, department of revenue audits of political subdivisions failing to comply with annual reporting requirements, and granting rule-making authority; and the department of revenue review and determination of industry-specific town tax incremental district project compliance, passed on a vote of Ayes, 17 (Sens. Gudex and Jauch; Reps. Kuglitsch, Loudenbeck, Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Kovari, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, and Wortman); and Noes, 1 (Public Member Wilson). [WLC: 0048/1 subsequently became LRB-1069/1.]
- WLC: 0049/1, relating to industrial zoning requirements in tax incremental districts, planning commission notice for tax incremental district amendments, obsolete references relating to tax incremental districts, allocation of tax increments, joint review board review, and calculation of levy limits following dissolution of a tax incremental district, passed on a vote of Ayes, 17 (Sens. Gudex and Jauch; Reps. Kuglitsch, Loudenbeck, Ohnstad, and Zepnick; and Public Members Andrews, Harrigan, Kelley, Lincoln, Rasmussen, Ruechel, Serck, Slavish, Thillman, Wilson, and Wortman); and Noes, 1 (Public Member Kovari). [WLC: 0049/1 subsequently became LRB-1070/1.]

APPENDIX 2

JOINT LEGISLATIVE COUNCIL

SENATE MEMBERS

MARY LAZICH, Co-Chair
4405 South 129th St.
New Berlin, WI 53151

ALBERTA DARLING
1325 West Dean Road
River Hills, WI 53217

SCOTT FITZGERALD
N4692 Maple Road
Juneau, WI 53039

RICK GUDEX
361 East Division St.
Fond du Lac, WI 54935

MARK MILLER
4903 Roigan Terrace
Monona, WI 53716

TERRY MOULTON
980 118th St.
Chippewa Falls, WI 54729

JERRY PETROWSKI
720 North 136th Avenue
Marathon, WI 54448

FRED A. RISSER
100 Wisconsin Avenue
Unit 501, Madison, WI 53703

JENNIFER SHILLING
2608 Main Street
La Crosse, WI 54601

LENA TAYLOR
1518 West Capitol
Milwaukee, WI 53206

VAN WANGGAARD
1246 Blaine Ave.
Racine, WI 53405

ASSEMBLY MEMBERS

JOAN BALLWEG, Co-Chair
170 W. Summit Street
Markesan, WI 53946

TYLER AUGUST
116 Evelyn Lane Unit 3A
Lake Geneva, WI 53147

PETER BARCA
1339 38 Ave.
Kenosha, WI 53144

DAN KNODL
N101 W14475 Ridgefield Ct.
Germantown, WI 53022

CORY MASON
3611 Kinzie Ave
Racine, WI 53405

JOHN MURTHA
2283 20th Ave.
Baldwin, WI 54002

JOHN NYGREN
N2118 Keller Rd.
Marinette, WI 54143

KATRINA SHANKLAND
5782 Sandpiper Dr.
Stevens Point, WI 54482

JIM STEINEKE
Room 115
State Capitol

CHRIS TAYLOR
306 West
State Capitol

ROBIN VOS
960 Rock Ridge Road
Burlington, WI 53105

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees.



COMMITTEE LIST

Legislative Council Study Committee on Review of Tax Incremental Financing

Chair Richard Gudex, Senator
361 East Division St.
Fond du Lac, WI 54935-4555

Jennifer Andrews, City Planner
City of Waukesha
201 Delafield St., Room 200
Waukesha, WI 53188

Robert Jauch, Senator
5271 South Maple Dr.
Poplar, WI 54864

John Kovari, Ph.D., Assistant Professor
Department of Political Science/Public Administration, UW-La Crosse
425E Wimberly Hall
1725 State St.
La Crosse, WI 54601

Richard Lincoln, Senior Vice President
Mandel Group
301 East Erie St.
Milwaukee, WI 53202

David Rasmussen, Senior Planner/Office Manager
MSA Professional Services
15 W. Marshall St.
Suite B
Rice Lake, WI 54868

Jason Serck, Economic Development, Planning and Port Director
City of Superior
1316 North 14th St.
Superior, WI 54880

Peter Thillman, Vice President, Economic and Workforce
Development
Lakeshore Technical College
716 Chantilly Rue
Green Bay, WI 54301

Hal Wortman, Director of Administration
City of Fond du Lac
160 S. Macy St.
P.O. Box 150
Fond du Lac, WI 54936

Vice Chair Amy Loudenbeck, Representative
10737 S. State Rd. 140
Clinton, WI 53525

Michael Harrigan, Chairman/Sr. Financial Advisor
Ehlers
N21W23350 Ridgeview Parkway West
Suite 100
Waukesha, WI 53188-1015

Eileen Kelley, City Planner/Zoning Administrator
City of Middleton
4626 Mineral Point Rd.
Madison, WI 53705

Mike Kuglitsch, Representative
21865 W. Tolbert Dr.
New Berlin, WI 53146

Tod Ohnstad, Representative
3814 18th Ave.
Kenosha, WI 53140

Brian Ruechel, Director, Public Finance
Robert W. Baird & Co.
777 East Wisconsin Ave.
Milwaukee, WI 53202

Mike Slavish, President
Hovde Properties
122 W. Washington Ave., Ste. 350
Madison, WI 53703

Thomas Wilson, Attorney/Administrator/Clerk-Treasurer
Town of Westport
5387 Mary Lake Rd.
Waunakee, WI 53597

Josh Zepnick, Representative
1921 W. Plainfield Ave.
Milwaukee, WI 53221

STUDY ASSIGNMENT: The Study Committee directed to study and review the intent behind tax incremental financing (TIF) laws and how the TIF laws are utilized by cities, villages, towns, and counties. The committee shall also evaluate current TIF laws and recommend legislation that could improve their effectiveness and study how they impact a local governmental unit's finances and property taxes; economic and community development; and job growth.

18 MEMBERS: 4 Representatives; 2 Senators; and 12 Public Members.

LEGISLATIVE COUNCIL STAFF: Scott Grosz and Melissa Schmidt, Senior Staff Attorneys; and Tracey Young, Support Staff.

COMMITTEE MATERIALS LIST

[Copies of documents are available at www.legis.wisconsin.gov/lc]

July 17, 2014 Meeting

- Staff Brief 2014-02, Review of Tax Incremental Financing (July 9, 2014).
- Handout, Brad Binkowski, President, Urban Land Interests.
- Testimony, Nate Ristow, Department of Revenue.
- Handout, William J. Mielke, P.E., R.L.S., President, Ruckert-Mielke.
- Testimony William J. Mielke, P.E., R.L.S., President, Ruckert-Mielke.
- Site Selection Survey Information, submitted by Michael Mooney, MLG Commercial.
- Presentation, Scott Grosz and Melissa Schmidt, Senior Staff Attorneys, Legislative Council.

August 14, 2014 Meeting

- Presentation by Darryn Burich, Planning Director, City of Oshkosh.
- Letter submitted by Nate Ristow, Legislative Advisor, Department of Revenue (August 8, 2014).
- Presentation, by Joe Gromacki, TIF Coordinator, City of Madison.
- Recommendations for Consideration, submitted by Mike Harrigan, Chairman/Senior Financial Advisor, Ehlers and Associates, Inc.
- Testimony, presented by T.J. Justice, City Administrator Director, Department of Development.
- PowerPoint Presentation, by John Kovari, Ph.D., Asst. Professor, UW-La Crosse.
- Memo No. 1, The Public Doctrine's Limitation on Donating Positive Tax Increments to a Tax Incremental Financing District with Different Overlying Taxing Districts.
- Handout, submitted by Brian Ruechel, Director of Public Finance, Robert W. Baird & Co.
- PowerPoint Presentation, by James E. Spiotto, Managing Director, Chapman Strategic Advisors, LLC.

September 10, 2014 Meeting

- Memo No. 2, Committee Options for Possible Legislation Options (September 3, 2014).
- Memo No. 3, Municipalities Limited by TIF's 12% rule and the Center on Wisconsin Strategy's Report on Efficient and Strategic TIF Use (September 3, 2014).
- Presentation, by Brian Quinn, Executive Policy and Budget Analyst, Department of Administration.
- Summary, New TIF Law 2004, prepared by Peter Thillman and Jim Hough of WEDA and Mike Harrigan, Ehlers & Associates (April 2004).

October 9, 2014 Meeting

- WLC: 0012/P1, relating to the review period for joint review board approval of a tax incremental district creation or amendment resolution.
- WLC: 0013/P1, relating to the timing and increase of the amount that a political subdivision may add to its levy limit upon the dissolution of a tax incremental financing district.
- WLC: 0015/P1, relating to redetermination of base value for blighted or rehabilitation tax incremental districts.
- WLC: 0016/P1, relating to limits on TID creation as measured by total TID value.
- WLC: 0017/P1, relating to designation of tax incremental districts as distressed or severely distressed districts.
- WLC: 0018/P1, relating to standing joint review boards, annual joint review board meetings, annual reports on tax incremental districts submitted to joint review boards and the department of revenue, department of revenue audits of political subdivisions failing to comply with annual reporting requirements, and granting rule-making authority.
- WLC: 0019/P1, relating to limits on TID creation as measured by total TID value.
- Letter from Rocky Marcoux, Commissioner, City of Milwaukee to Members of the Joint Review Board for Milwaukee Tax Incremental Finance Districts (April 30, 2014).
- Letter, submitted by Nate Ristow, Department of Revenue (October 2, 2014).
- Letter from Kimberly Montgomery, Senior Fiscal Legislative Manager, City of Milwaukee, to the Legislative Council Study Committee on Review of Tax Incremental Financing (September 18, 2014).
- Handout, submitted by Public Member Brian Ruechel.

November 13, 2014 Meeting

- WLC: 0012/1, relating to the review period for joint review board approval of a tax incremental district creation or amendment resolution.
- WLC: 0013/1, relating to increasing the amount that a political subdivision may add to its levy limit upon the dissolution of a tax incremental financing district.
- WLC: 0015/1, relating to redetermination of base value for blighted or rehabilitation tax incremental districts.
- WLC: 0016/1, relating to limits on TID creation as measured by total TID value.
- WLC: 0017/1, relating to designation of tax incremental districts as distressed or severely distressed districts.
- WLC: 0018/P2, relating to standing joint review boards, annual joint review board meetings, annual reports on tax incremental districts submitted to joint review boards and the department of revenue, department of revenue audits of political subdivisions failing to comply with annual reporting requirements, and granting rule-making authority.
- WLC: 0035/P1, relating to industrial zoning requirements in a tax incremental district.
- WLC: 0036/P1, relating to planning commission notice for amendment of a tax incremental district project plan.
- WLC: 0037/P1, relating to the department of revenue review and determination of industry-specific town tax incremental district project compliance.
- WLC: 0038/P1, relating to authorizing any tax incremental district to use allocated tax increments donated from another tax incremental district.
- WLC: 0039/P1, relating to modifying the requirements for sharing tax increments by tax incremental districts and limiting the participation of certain special purpose districts in tax incremental district financing.
- WLC: 0040/P1, relating to repealing various provisions of the tax incremental financing statutes.
- WLC: 0041/P1, relating to inclusion of vacant land within the boundaries of a tax incremental district.
- WLC: 0042/P1, relating to modifying the requirements for sharing tax increments by tax incremental districts with different overlying taxing districts.
- WLC: 0043/P1, relating to tax incremental financing project plan amendments and extending the life of a tax incremental district if the district is adversely impacted by statutory changes or changes to the equalized valuation method.

- WLC: 0044/P1, relating to allocation of positive tax increments and termination of tax incremental districts.
- Letter, submitted by David Geertsen, Director, Denosha County Department of Finance and Administration (October 21, 2014).
- Handout, submitted by Public Member Brian Ruechel, relating to levy limit adjustment analysis.
- Memorandum to Representative Amy Loudenberg, from Rick Olin, Legislative Fiscal Bureau (October 15, 2014).
- Letter, submitted by Public Member Michael Harrigan (October 6, 2014).

Mail Ballot

- WLC: 0015/2, relating to redetermination of base value for tax incremental districts.
- WLC: 0017/1, relating to designation of tax incremental districts as distressed or severely distressed districts.
- WLC: 0019/1, relating to limits on TID creation as measured by total TID value.
- WLC: 0041/1, relating to inclusion of vacant land within the boundaries of a tax incremental district and exclusion of tax-exempt city-owned property from the initial tax incremental base of a tax incremental district.
- WLC: 0043/1, relating to tax incremental financing project plan amendments and extending the life of a tax incremental district if the district is adversely impacted by statutory changes to the equalized valuation method.
- WLC: 0047/1, relating to modifying the requirements for sharing tax increments by tax incremental districts, limiting the participation of certain special purpose districts in tax incremental district financing, and authorizing any tax incremental district to use allocated tax increments donated from another tax incremental district.
- WLC: 0048/1, relating to standing joint review boards, annual joint review board meetings, annual reports on tax incremental districts submitted to joint review boards and the department of revenue, department of revenue audits of political subdivisions failing to comply with annual reporting requirements, and granting rule-making authority; and the department of revenue review and determination of industry-specific town tax incremental district project compliance.
- WLC: 0049/1, relating to industrial zoning requirements in tax incremental districts, planning commission notice for tax incremental district amendments, obsolete references relating to tax incremental districts, allocation of tax increments, joint review board review, and calculation of levy limits following dissolution of a tax incremental district.