



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2013 Wisconsin Act 183
[2013 Senate Bill 252]

**Redetermination of Base Values in
Tax Incremental Districts**

Under current tax incremental financing (TIF) law, a city, village, or, in certain circumstances, town, may create a tax incremental district (TID) in order to foster development of the area to be included in the TID. Generally, as part of the process of creating a TID, the Department of Revenue (DOR) will calculate a base value for the TID. Typically, during the TID's lifespan, property values of the property in the TID will rise above the base value, and the portion of taxes collected on the increase in property values will be used to pay back the project costs of the TID. Under current law, DOR may redetermine a TID's base value if the TID project plan is amended to add or subtract territory from the TID, which may occur up to four times during the lifespan of a TID.

2013 Wisconsin Act 183 addresses the situation where property values of the property in a TID do not rise, as expected, but instead fall. Under the Act, a municipality may, subject to joint review board approval, request that DOR redetermine the base value of a TID that is in a "decrement situation" that continues for at least two consecutive years. The Act defines "decrement situation" as a decline in current value of TID property of at least 10% compared to the current base value of the TID. The Act specifies that a municipality may request redetermination of the base value of a TID in a decrement situation once during the lifespan of the TID, and DOR may, generally, impose a fee of \$1,000 for the redetermination. Additionally, prior to redetermination by DOR, the municipality must complete a financial analysis of the TID, and must amend the TID project plan to satisfy at least one of the following requirements:

- With regard to the total value of public infrastructure improvement in the district that occurs after joint review board approval, that at least 51% of the value of the improvements must be financed by a private developer or other private entity in return for the municipality's agreement to repay those costs solely through the

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.wisconsin.gov>.

payment of cash grants, and that cash grants must be paid via a development agreement with the municipality.

- That all project costs are expected to be paid within 90% of the TID's remaining life.
- That expenditures may be made only within the first half of the TID's remaining life, unless approved by unanimous vote of the joint review board, and subject to the generally applicable limitations or the timing of expenditures under TIF law.

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