State of Wisconsin
1995 - 1996 LEGISLATURE

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1995 ASSEMBLY BILL 71

January 30, 1995 - Introduced by Representatives BELL, PLACHE, BALDUS, R. YOUNG, BLACK, ROBSON, BALDWIN, BOCK, NOTESTEIN, CARPENTER, MORRIS-TATUM, BOYLE, R. POTTER and L. YOUNG, cosponsored by Senators PLEWA, BURKE, WINEKE and CHVALA. Referred to Committee on Ways and Means.

AN ACT ***to amend*** 66.46 (4) (e) and 66.46 (5) (d); and ***to create*** 66.46 (4) (j) and 66.46 (4s) of the statutes; **relating to:** potential job transfers under the tax incremental financing program.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing (TIF) program, a city or village may create a tax incremental district (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 suitable for industrial sites. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board and creation by the city or village of a joint review board to review the proposal. The joint review board, which is made up of representatives of the overlying taxing jurisdictions of the proposed TID, must approve the project plan or the TID may not be created. If an existing TID project plan is amended by a planning commission, these steps are also required.

Also under current law, once a TID has been created, the department of revenue (DOR) calculates the "tax increment 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" in 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 only be used to pay back the costs of the TID. DOR authorizes the allocation of the tax increments until the TID terminates or 23 years after the TID is created, whichever is sooner. TIDs are required to terminate,

under current law and with one exception, once these costs are paid back, 16 years after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first. Current law also provides that in general, unless the project plan is amended, no expenditure of tax increments may be made later than 7 years after the TID is created.

This bill requires a city or village to notify the department of development (DOD) if it plans to create a TID and DOD is required to issue to the city or village a finding certifying whether the primary effect of creating the TID: 1) would not be the transfer of jobs from one city, village or town (municipality) in this state to another city or village in this state; 2) would be such a job transfer; and 3) would be such a job transfer, but if the proposed TID were not created, the jobs would be transferred from a municipality in this state to another state. If DOD determines that a job transfer may occur, the city, village or town from which the jobs may be transferred must be given notice and must be given 30 days to present evidence to DOD about the effects of the potential job transfer before DOD certifies its finding.

Under the bill, a city or village may not create a TID unless DOD certifies one of the following findings: that the primary effect of the TID would not be the transfer of jobs from one municipality in this state to another city or village in this state; that such a job transfer would occur, but that if the proposed TID were not created, the jobs would be transferred to another state; or that the primary effect of the TID would be the transfer of jobs from one municipality in this state to another city or village in this state and the job transfer is good public policy.

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:

SECTION 1. 66.46 (4) (e) of the statutes is amended to read:

66.46 **(4)** (e) At least 30 days before adopting a resolution under par. (gm), holding of a public hearing by the planning commission at which interested parties are afforded a reasonable opportunity to express their views on the proposed project plan. The hearing may be held in conjunction with the hearing provided for in par. (a). Notice of the hearing shall be published as a class 2 notice, under ch. 985. The notice shall include a statement advising that a copy of the proposed project plan will be provided on request. Prior to such publication, a copy of the notice shall be sent by 1st class mail to the chief executive officer or administrator of all local

governmental entities having the power to levy taxes on property within the district ~~and,~~ to the school board of any school district which includes property located within the proposed district and to the department of development. For any county with no chief executive officer or administrator, this notice shall be sent to the county board chairperson.

SECTION 2. 66.46 (4) (j) of the statutes is created to read:

66.46 **(4)** (j) Receipt by the local legislative body of a document issued and certified by the department of development that does one of the following:

1. Makes the finding under sub. (4s) (a) 1.

2. Makes the finding under sub. (4s) (a) 3.

3. Makes the finding described in sub. (4s) (a) 2., but concludes that creation of the proposed tax incremental district is good public policy because the potential public benefits from the proposed tax incremental district outweigh any disadvantages caused by the use of tax incentives that result in intrastate job transfers.

SECTION 3. 66.46 (4s) of the statutes is created to read:

66.46 **(4s)** DEPARTMENT OF DEVELOPMENT REVIEW. (a) Except as provided in par. (b), within 90 days after receiving notice from the city under sub. (4) (e), the department of development shall send to the local legislative body, under sub. (4) (j), a finding that certifies one of the following:

1. That the primary effect of creating the proposed tax incremental district will not be the transfer of jobs from one city, village or town to another city or village in this state.

2. That the primary effect of creating the proposed tax incremental district will be the transfer of jobs from one city, village or town to another city or village in this state.

3. That the primary effect of creating the proposed tax incremental district will be the transfer of jobs from one city, village or town to another city or village in this state, but if the proposed tax incremental district were not created, the jobs would be transferred from one city, village or town to another state.

(b) If the department of development determines that a job transfer may occur, the department shall notify the city, village or town from which the transfer may occur and extend its review process for up to 30 days to allow the city, village or town to present evidence to the department about a potential job transfer before the department issues its certified finding under par. (a).

SECTION 4. 66.46 (5) (d) of the statutes is amended to read:

66.46 **(5)** (d) The department of revenue shall not certify the tax incremental base as provided in par. (b) until it determines that each of the procedures and documents required by sub. (4) (a), (b), (gm) ~~or,~~ (h) or (j) and par. (b) has been timely completed and all notices required under sub. (4) (a), (b), (gm) or (h) timely given. The facts supporting any document adopted or action taken to comply with sub. (4) (a), (b), (gm) ~~or,~~ (h) or (j) shall not be subject to review by the department of revenue under this paragraph.

(END)