



2009 SENATE BILL 81

February 18, 2009 – Introduced by Senators COGGS, HANSEN, PLALE, ERPENBACH and TAYLOR, cosponsored by Representatives GRIGSBY, YOUNG, A. WILLIAMS, PASCH, BERCEAU, FIELDS, ZEPNICK, RICHARDS, TURNER, CULLEN, SINICKI and TOLES. Referred to Committee on Ethics Reform and Government Operations.

1 **AN ACT** *to renumber* 66.1105 (2) (a); *to amend* 66.1103 (2) (k) 20. and 66.1105
2 (6) (c); and *to create* 66.1105 (2) (ab), 66.1105 (2) (bq) and 66.1105 (6) (g) of the
3 statutes; **relating to:** authorizing a city or village to extend the life of a tax
4 incremental district for one year to benefit housing in the city or village.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent 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. 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 within specified time frames, 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 adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

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” 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

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costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a new TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to extend the life of a TID created by the city or village for one year after all of the TID's project costs have been paid. Under the bill, DOR is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, without regard to whether the TID would otherwise not be eligible to receive the increments, and without regard to whether the TID would otherwise be required to terminate. The city or village must use at least 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city or village. The remainder of the increments must be used to improve the quality of the city's or village's existing housing stock.

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:

1 **SECTION 1.** 66.1103 (2) (k) 20. of the statutes is amended to read:

2 66.1103 (2) (k) 20. A shopping center, or an office building, convention or trade
3 center, hotel, motel or other nonresidential facility, which is located in or adjacent to
4 a blighted area as defined by s. 66.1105 (2) (~~a~~) (ae), 66.1331 (3) (a) or 66.1333 (2m)
5 (b) or in accordance with a redevelopment plan or urban renewal plan adopted under
6 s. 66.1331 (5) or 66.1333 (6).

7 **SECTION 2.** 66.1105 (2) (a) of the statutes is renumbered 66.1105 (2) (ae).

8 **SECTION 3.** 66.1105 (2) (ab) of the statutes is created to read:

9 66.1105 (2) (ab) “Affordable housing” means housing that costs a household no
10 more than 30 percent of the household's gross monthly income.

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1 **SECTION 4.** 66.1105 (2) (bq) of the statutes is created to read:

2 66.1105 (2) (bq) "Household" means an individual and his or her spouse and all
3 minor dependents.

4 **SECTION 5.** 66.1105 (6) (c) of the statutes is amended to read:

5 66.1105 (6) (c) Except for tax increments allocated under par. (d), (dm), (e), ~~or~~
6 (f), or (g) all tax increments received with respect to a tax incremental district shall,
7 upon receipt by the city treasurer, be deposited into a special fund for that district.
8 The city treasurer may deposit additional moneys into such fund pursuant to an
9 appropriation by the common council. No moneys may be paid out of such fund
10 except to pay project costs with respect to that district, to reimburse the city for such
11 payments, to pay project costs of a district under par. (d), (dm), (e), ~~or (f)~~, or (g) or to
12 satisfy claims of holders of bonds or notes issued with respect to such district. Subject
13 to par. (d), (dm), (e), ~~or (f)~~, or (g), moneys paid out of the fund to pay project costs with
14 respect to a district may be paid out before or after the district is terminated under
15 sub. (7). Subject to any agreement with bondholders, moneys in the fund may be
16 temporarily invested in the same manner as other city funds if any investment
17 earnings are applied to reduce project costs. After all project costs and all bonds and
18 notes with respect to the district have been paid or the payment thereof provided for,
19 subject to any agreement with bondholders, if there remain in the fund any moneys
20 that are not allocated under par. (d), (dm), (e), ~~or (f)~~, or (g), they shall be paid over to
21 the treasurer of each county, school district or other tax levying municipality or to
22 the general fund of the city in the amounts that belong to each respectively, having
23 due regard for that portion of the moneys, if any, that represents tax increments not
24 allocated to the city and that portion, if any, that represents voluntary deposits of the
25 city into the fund.

SENATE BILL 81**SECTION 6**

1 **SECTION 6.** 66.1105 (6) (g) of the statutes is created to read:

2 66.1105 (6) (g) 1. After the date on which a tax incremental district created by
3 a city pays off the aggregate of all of its project costs, and notwithstanding the time
4 at which such a district would otherwise be required to terminate under sub. (7), a
5 city may extend the life of the district for one year if the city does all of the following:

6 a. The city adopts a resolution extending the life of the district for a specified
7 number of months. The resolution shall specify how the city intends to improve its
8 housing stock, as required in subd. 3.

9 b. The city forwards a copy of the resolution to the department of revenue,
10 notifying the department that it must continue to authorize the allocation of tax
11 increments to the district under par. (a).

12 2. If the department of revenue receives a notice described under subd. 1. b.,
13 it shall continue authorizing the allocation of tax increments to the district under
14 par. (a) during the district's life, as extended by the city, as if the district's costs had
15 not been paid off and without regard to whether any of the time periods specified in
16 par. (a) 2. to 8. would otherwise require terminating the allocation of such
17 increments.

18 3. If a city receives tax increments as described in subd. 2., the city shall use
19 at least 75 percent of the increments received to benefit affordable housing in the city.
20 The remaining portion of the increments shall be used by the city to improve the city's
21 housing stock.

22 **SECTION 7. Effective date.**

23 (1) This act takes effect on October 1, 2009.

24

(END)