



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-3140/1
MES:emw&wlj

2015 ASSEMBLY BILL 344

September 23, 2015 - Introduced by Representative SPIROS, cosponsored by Senator PETROWSKI. Referred to Committee on Urban and Local Affairs.

1 **AN ACT** *to amend* 66.1105 (7) (ak) 2.; and *to create* 66.1105 (6) (a) 13., 66.1105
2 (6) (am) 2. h., 66.1105 (7) (ak) 4. and 66.1105 (17) (e) of the statutes; **relating**
3 **to:** lengthening the time during which tax increments may be allocated and
4 expenditures for project costs may be made for Tax Incremental District
5 Number One in the village of Weston.

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 under certain conditions. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. 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, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, 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 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

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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.

The project 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. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

Currently, before a TID may be created or its project plan amended, the city or village must adopt a resolution containing a finding that the equalized value of taxable property of the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property in the city or village (the 12 percent test), subject to one general exception. Under the exception, a city or village may simultaneously create a new TID and subtract territory from an existing TID without adopting a resolution containing the 12 percent test if the city or village demonstrates to DOR that the value of the territory that is subtracted at least equals the amount that DOR believes is necessary to ensure that, when the new TID is created, the 12 percent test is met. The city or village must also certify to DOR that no other district created under this exception currently exists in the city or village.

Under this bill, with regard to TID Number One in the village of Weston, the expenditures for project costs may be made for up to 28 years after the TID was created, DOR may allocate tax increments for up to 33 years after the TID’s creation, the maximum life of the TID is extended for ten years, and the 12 percent test does not apply, on a one-time basis, if the limit is exceeded because of the amendment of the project plan of that TID.

For further information see the *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.** 66.1105 (6) (a) 13. of the statutes is created to read:
2 66.1105 (6) (a) 13. Thirty-three years after the tax incremental district is
3 created if the district is Tax Incremental District Number 1 in the village of Weston.
4 **SECTION 2.** 66.1105 (6) (am) 2. h. of the statutes is created to read:

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1 66.1105 (6) (am) 2. h. Expenditures for project costs for Tax Incremental
2 District Number 1 in the village of Weston. Such expenditures may be made no later
3 than 28 years after the district is created and may be made through 2026.

4 **SECTION 3.** 66.1105 (7) (ak) 2. of the statutes is amended to read:

5 66.1105 (7) (ak) 2. For a district that is created after September 30, 1995, and
6 before October 1, 2004, and that is not subject to subd. 1. or 4., 23 years after the
7 district was created, and, except as provided in subd. 3., for a district that is created
8 before October 1, 1995, 27 years after the district is created.

9 **SECTION 4.** 66.1105 (7) (ak) 4. of the statutes is created to read:

10 66.1105 (7) (ak) 4. For Tax Incremental District Number 1 in the village of
11 Weston, 33 years after the district is created.

12 **SECTION 5.** 66.1105 (17) (e) of the statutes is created to read:

13 66.1105 (17) (e) *Village of Weston exception.* The 12 percent limit described
14 under sub. (4) (gm) 4. c. does not apply to an amendment to a project plan for Tax
15 Incremental District Number 1 in the village of Weston that is adopted by the
16 planning commission of the village of Weston. The exception in this paragraph may
17 not be used for more than one amendment of that project plan.

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(END)