



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2005 Wisconsin Act 186**  
[2005 Assembly Bill 366]

**Neighborhood Improvement  
Districts**

Act 186 authorizes a city, village, or town (municipality) to establish a neighborhood improvement district (NID) in order to purchase improvements for the neighborhood. The Act is patterned after the business improvement district law. According to proponents of the Act, it is anticipated that an NID will be used to finance public area improvements such as lighting, distinctive signage, park equipment, and landscaping. The Act is summarized in more detail below.

### **Creation of a District**

Upon being petitioned by an owner of real property subject to general real estate taxes and located in a proposed NID, a municipality may create an NID if:

1. The planning commission (as defined) has designated a proposed NID and adopted a proposed initial operating plan.
2. At least 30 days previously, the planning commission held a public hearing on the proposed NID and the initial operating plan (detailed notice requirements are included).
3. Within 30 days after the public hearing before the planning commission, no petition protesting the proposed NID or the initial operating plan has been filed by specified owners of property.
4. The local legislative body has voted to adopt the proposed initial operating plan for the NID. (Detailed notice provisions are provided concerning the meeting at which the local legislative body will vote on adoption of the proposed plan.)

An NID is comprised of an area within the municipality consisting of nearby, but not necessarily contiguous, parcels, at least some of which are used for residential purposes and are subject to general real estate taxes, and property that is acquired and owned by the NID board if the local legislative body has approved acquisition of property by the board.

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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.state.wi.us/>.

An NID operating plan is a plan for the development, redevelopment, maintenance, operation, and promotion of the NID. The plan must include at least:

1. The special assessment method applicable to the NID.
2. The kind, number, and location of all proposed expenditures within the NID.
3. A description of the methods of financing all estimated expenditures and the time when related costs will be incurred.
4. A description of how the creation of the NID promotes the orderly development of the municipality, including its relationship to any municipal master plan.
5. A statement whether the local legislative body authorizes the NID board to own real property and a description of any real property to be owned, the purpose of the ownership, and a statement of to whom the property will be transferred if the NID is terminated.
6. A legal opinion that the above requirements have been complied with.

### **The NID Board**

The local legislative body determines the size of the NID board which must consist of at least five members, all of whom must own or occupy real property in the NID. The number of board members representing commercial and residential property, respectively, is also set by the local legislative body as closely as possible in the same proportion as the aggregate valuation of commercial property in the district to the total assessed value of all property in the district, and the aggregate valuation of residential property in the district to the total assessed value of all property in the district.

NID board members representing commercial property are elected by owners and occupants of commercial property within the NID; board members representing residential properties are elected by individuals who own or occupy residential property within the district. Board members serve one-year terms. The local legislative body is required annually to reallocate, if necessary, the proportion of board members representing commercial and residential properties. If a vacancy occurs during the term of a board member, an individual is to be elected to fill the unexpired term.

NID board duties and powers include:

1. Annually consider and make changes to the NID operating plan, which may include termination of the plan. The board then submits the operating plan to the local legislative body for its approval. Any change to the special assessment method for the NID must be approved by the local legislative body.
2. Prepare and make available to the public annual reports describing the status of the NID, including expenditures and revenues. The report must include an independent certified audit, obtained by the municipality of the implementation of the operating plan.
3. Exercise all powers necessary or convenient to implement the operating plan, including the power to contract, as specified in the operating plan; otherwise, the municipality, as specified in the operating plan, has such powers.

**Special Assessments**

The method of specially assessing property on an NID is set forth in the NID operating plan. Real property used exclusively for less than eight residential dwelling units and real property that is exempt from general property taxes under s. 70.11, Stats., may not be specially assessed for purposes of an NID.

Special assessments received from an NID and all other appropriations by a municipality or other moneys received for the benefit of an NID must be placed in a segregated account in the municipal treasury. No disbursements from the account may be made except to reimburse the municipality for appropriations other than special assessments, to pay the costs of required audits obtained by the municipality, or on order of the board for the purpose of implementing the operating plan.

**Termination**

A municipality may terminate an NID at any time. A detailed procedure is also provided for requiring a municipality to terminate an NID if a petition is filed by specified owners of property within the NID.

***Effective Date:*** Act 186 became effective April 7, 2006.

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May 8, 2006

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