



2001 SENATE BILL 155

April 25, 2001 - Introduced by Senator MOEN, cosponsored by Representative KREIBICH. Referred to Committee on Universities, Housing, and Government Operations.

1 **AN ACT to create** 66.1105 (5) (bh) of the statutes; **relating to:** the filing of certain
2 forms and the time limits for holding certain hearings related to a tax
3 incremental financing district.

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% 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 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 district as of a date provided in the resolution. If the resolution is adopted between January 2 and September 30, the creation date of the district is the next preceding January 1; if the resolution is adopted between October 1 and December 31, then the creation date is the next subsequent January 1. Another step that must be taken before a TID may be created is the 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 within specified time frames or the TID may not be created. If an existing TID project plan is amended by a planning commission, all of these steps are also required.

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Once these steps are accomplished, the city clerk is required to complete certain forms and an application and submit the documents to the department of revenue (DOR) on or before December 31 of the year in which the TID is created. Upon receipt of the application, DOR is required to certify the full aggregate value of the taxable property in the city, which constitutes the tax incremental base of the TID.

Also under current law, once a TID has been created, 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 only be used to pay back the 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 23 years, or 27 years in certain cases, 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, or 20 years in certain cases, after the last expenditure identified in the project plan is made or when the creating city or village dissolves the TID, whichever occurs first.

This bill specifies that if a village clerk submits to DOR in a timely manner the required forms and an application for a TID that was created, or whose creation was attempted by the village board, before June 2000, and whose boundaries were amended in September 2000, even though a required public hearing and joint review board action on the proposed TID did not take place within the specified time frames, DOR must proceed as if the specified time frames for hearings and joint review board action had been strictly complied with and as if the TID were created on January 1, 2000, except that DOR may not certify a value increment for the TID before 2002.

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.** 66.1105 (5) (bh) of the statutes is created to read:
- 2 66.1105 (5) (bh) Notwithstanding the time limits in subs. (4) (e) and (4m) (b)
- 3 2., if the village clerk of a village that created, or attempted to create, a tax
- 4 incremental district before June 2000 and amended or tried to amend the district's
- 5 boundaries in September 2000 files with the department of revenue, not later than
- 6 November 30, 2000, the forms and application that were originally due on or before

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1 December 31, 2000, the tax incremental base of the district shall be calculated by the
2 department of revenue as if the time limits described in subs. (4) (e) and (4m) (b) 2.
3 had been strictly complied with and, until the tax incremental district terminates,
4 the department of revenue shall allocate tax increments and treat the district in all
5 other respects as if the time limits described in subs. (4) (e) and (4m) (b) 2. had been
6 strictly complied with and as if the district were created on January 1, 2000, except
7 that the department of revenue may not certify a value increment under par. (b)
8 before 2002.

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(END)