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## **2009 SENATE BILL 132**

March 24, 2009 – Introduced by Senators Lehman, Plale, Coggs and Wirch, cosponsored by Representatives Mason, Turner and Zepnick. Referred to Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

AN ACT to create 66.1105 (6) (a) 9. and 66.1105 (6) (am) 2. d. of the statutes;

relating to: expanding the life of a tax incremental district in the city of Racine.

## 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 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

## **SENATE BILL 132**

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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. 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 this bill, for TID Number 2 in the city of Racine, the 27-year life of the TID and the period of time during which DOR may authorize tax increments is extended from 2010 to 2020, and the expenditure period is extended from 2005 to 2015.

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.** 66.1105 (6) (a) 9. of the statutes is created to read:

66.1105 (6) (a) 9. Thirty-seven years after the tax incremental district is created if the district is created before October 1, 1983, and the expenditure period is specified in par. (am) 2. d.

**Section 2.** 66.1105 (6) (am) 2. d. of the statutes is created to read:

66.1105 (6) (am) 2. d. Expenditures for project costs for Tax Incremental District Number 2 in the city of Racine. Such expenditures may be made no later than 32 years after the district is created and may be made through 2015.

9 (END)