



2009 SENATE BILL 463

January 22, 2010 – Introduced by Senator MILLER, cosponsored by Representative VAN AKKEREN. Referred to Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue.

1 **AN ACT** *to amend* 66.1105 (6) (am) 2. c. and 66.1105 (7) (at); and *to create*
2 66.1105 (5) (br) of the statutes; **relating to:** extending the expenditure period
3 of Tax Incremental District Number 6 in the city of Sheboygan and requiring
4 the Department of Revenue to certify the tax base of Tax Incremental Financing
5 District Number 18 in the city of Waukesha.

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. Currently, towns 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

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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. 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. 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. Generally, project expenditures may not be made later than five years prior to the termination date of the TID.

Under current law, a specific provision allows TID Number 6 in the city of Sheboygan, which was created on January 1, 1992, to make expenditures up to 15 years after the TID was created, or through December 31, 2006. DOR is also authorized by a specific provision to allocate tax increments to this TID for 16 years after the last expenditure identified in the project plan is made.

Under this bill, the expenditure period for TID Number 6 in the city of Sheboygan is extended to 26 years after the TID was created, or through December 31, 2017. The bill also allows DOR to allocate tax increments to this TID for 31 years after the TID was created, which is the same as current law.

Currently, before a TID may be created, the city or village’s application must contain findings that 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. The findings, in effect, determine the type of TID that is being created.

With regard to TID Number 18, which the city of Waukesha created, or attempted to create on January 1, 2008, based on action taken by the common council on July 16, 2008, this bill requires that DOR proceed as if the TID was created on January 1, 2008, notwithstanding the fact that the city’s findings did not specify the type of TID that was being created. Also under the bill, DOR may not certify a value increment before 2010.

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) (br) of the statutes is created to read:
- 2 66.1105 (5) (br) Notwithstanding the requirement that the findings under sub.
- 3 (4) (gm) 4. a. specify the type of district that is being created as blighted, in need of

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1 rehabilitation or conservation work, suitable for industrial sites, or suitable for
2 mixed-use development, if the city of Waukesha created, or attempted to create, Tax
3 Incremental District Number 18 on January 1, 2008, based on actions taken by the
4 common council on July 16, 2008, the department of revenue shall certify the tax
5 incremental base of the district as if the tax incremental district had been created
6 on January 1, 2008, as a blighted area district and, until the tax incremental district
7 terminates, the department of revenue shall allocate tax increments and treat the
8 district in all other respects as if the district had been created on January 1, 2008,
9 except that the department of revenue may not certify a value increment under par.
10 (b) before 2010.

11 **SECTION 2.** 66.1105 (6) (am) 2. c. of the statutes is amended to read:

12 66.1105 (6) (am) 2. c. Expenditures for project costs for Tax Incremental
13 District Number ~~Six 6~~ in a city with a population of at least 45,000 that is located in
14 a county that was created in 1836 and that is adjacent to one of the Great Lakes. Such
15 expenditures may be made no later than ~~15~~ 26 years after the tax incremental
16 district is created, and may be made through December 31, ~~2006~~ 2017.

17 **SECTION 3.** 66.1105 (7) (at) of the statutes is amended to read:

18 66.1105 (7) (at) Notwithstanding par. (am), ~~16 years after the last expenditure~~
19 ~~identified in the project plan is made~~ 31 years after the district is created if the
20 district ~~to which the plan relates~~ is created before October 1, 1995, and the
21 expenditure period is specified in sub. (6) (am) 2. c.

22 (END)