



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-4938/1
EVM:emw/cjs/skw

2023 ASSEMBLY BILL 879

January 2, 2024 - Introduced by Representatives JACOBSON, RATCLIFF, C. ANDERSON, CONSIDINE, J. ANDERSON and JOERS, cosponsored by Senators HESSELBEIN, SPREITZER and AGARD. Referred to Committee on Ways and Means.

1 **AN ACT to repeal** 66.0602 (3) (dq), 66.0602 (3) (dv) and 66.1105 (4m) (b) 2m.; and
2 **to amend** 66.0602 (1) (d), 66.0602 (3) (dm), 66.0602 (3) (ds) and 66.1105 (6m)
3 (c) 8. of the statutes; **relating to:** local levy increase limit calculations related
4 to tax incremental districts.

Analysis by the Legislative Reference Bureau

This bill repeals the changes made in 2023 Wisconsin Act 12 to the calculation of local property tax levy limits with regard to taxable property located within a tax incremental district (TID).

Generally, under current law, local levy limits are applied to the property tax levies that are imposed by political subdivisions. A political subdivision may not increase its levy by a percentage that exceeds its “valuation factor,” which is the greater of either 1) the percentage change in the political subdivision’s equalized value due to new construction, less improvements removed, (net new construction) or 2) 0 percent.

Act 12 changed the standard for determining the “valuation factor” to include only 90 percent of new construction that occurs within TIDs created after December 31, 2024, (covered TIDs) and to exclude any improvements removed within these TIDs. That is, under Act 12, net new construction for a political subdivision is the percentage change in the political subdivision’s equalized value due to new construction, including 90 percent of the value of new construction occurring within a covered TID, less improvements removed, other than improvements removed within a covered TID. The bill repeals these changes.

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Also, under current law, when a city or village creates a TID, the Department of Revenue 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 the development in the TID increases the value of the property in the TID above this base value, the amount by which the equalized value exceeds the base value is the TID’s “value increment.” The taxes collected on this value increment pay for the project costs of the TID.

Prior to Act 12, the statutes provided for an increase in a political subdivision’s levy limit upon the termination of a TID. If DOR did not certify a value increment for a TID for a year because the TID had terminated, the levy limit of the political subdivision in which the TID is located increased by an amount based on 50 percent of the previous year’s value increment for the TID. (The actual amount was equal to the maximum allowable levy for the preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the terminated TID’s value increment by the political subdivision’s equalized value less any TID value increments.) Also under pre-Act 12 law, a similar increase in levy limit resulted when a political subdivision amended a TID to subtract territory.

Under Act 12, these existing standards for increasing the levy limit of a political subdivision upon the termination or amendment of a TID are limited to TIDs created before January 1, 2025. For covered TIDs, upon termination or amendment of the covered TID, the political subdivision’s levy limit is increased by an amount based on 10 percent of the TID’s lifetime equalized value increase. (The actual amount is equal to the aggregate of the annual amounts of new construction less improvements removed in the covered TID.) This levy limit increase may be further increased by an amount based on 15 percent of the TID’s lifetime equalized value increase if the TID terminates earlier than anticipated at the time of the covered TID’s creation. The bill eliminates the changes made by Act 12.

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.** 66.0602 (1) (d) of the statutes, as affected by 2023 Wisconsin Act 12,
2 is amended to read:

3 66.0602 (1) (d) “Valuation factor” means a percentage equal to the greater of
4 either the percentage change in the political subdivision’s January 1 equalized value
5 due to new construction less improvements removed between the previous year and
6 the current or 0 percent. ~~For a tax incremental district created after December 31,~~

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1 ~~2024, the valuation factor includes 90 percent of the equalized value increase due to~~
2 ~~new construction that is located in a tax incremental district, but does not include~~
3 ~~any improvements removed in a tax incremental district.~~

4 **SECTION 2.** 66.0602 (3) (dm) of the statutes, as affected by 2023 Wisconsin Act
5 12, is amended to read:

6 66.0602 (3) (dm) ~~For a tax incremental district created before January 1, 2025,~~
7 if ~~If~~ the department of revenue does not certify a value increment for a tax
8 incremental district for the current year as a result of the district's termination, the
9 levy increase limit otherwise applicable under this section in the current year to the
10 political subdivision in which the district is located is increased by an amount equal
11 to the political subdivision's maximum allowable levy for the immediately preceding
12 year, multiplied by a percentage equal to 50 percent of the amount determined by
13 dividing the value increment of the terminated tax incremental district, calculated
14 for the previous year, by the political subdivision's equalized value, exclusive of any
15 tax incremental district value increments, for the previous year, all as determined
16 by the department of revenue.

17 **SECTION 3.** 66.0602 (3) (dq) of the statutes, as created by 2023 Wisconsin Act
18 12, is repealed.

19 **SECTION 4.** 66.0602 (3) (ds) of the statutes, as affected by 2023 Wisconsin Act
20 12, is amended to read:

21 66.0602 (3) (ds) ~~For a tax incremental district created before January 1, 2025,~~
22 if ~~If~~ the department of revenue recertifies the tax incremental base of a tax
23 incremental district as a result of the district's subtraction of territory under s.
24 66.1105 (4) (h) 2., the levy limit otherwise applicable under this section shall be
25 adjusted in the first levy year in which the subtracted territory is not part of the value

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1 increment. In that year, the political subdivision in which the district is located shall
2 increase the levy limit otherwise applicable by an amount equal to the political
3 subdivision's maximum allowable levy for the immediately preceding year,
4 multiplied by a percentage equal to 50 percent of the amount determined by dividing
5 the value increment of the tax incremental district's territory that was subtracted,
6 calculated for the previous year, by the political subdivision's equalized value,
7 exclusive of any tax incremental district value increments, for the previous year, all
8 as determined by the department of revenue.

9 **SECTION 5.** 66.0602 (3) (dv) of the statutes, as created by 2023 Wisconsin Act
10 12, is repealed.

11 **SECTION 6.** 66.1105 (4m) (b) 2m. of the statutes, as created by 2023 Wisconsin
12 Act 12, is repealed.

13 **SECTION 7.** 66.1105 (6m) (c) 8. of the statutes, as affected by 2023 Wisconsin Act
14 12, is amended to read:

15 66.1105 **(6m)** (c) 8. The value of new construction in the tax incremental district
16 ~~and, less~~ the value of improvements removed from the tax incremental district.

17 **(END)**