



DAVID STEFFEN

STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

**Prepared Testimony by Rep. David Steffen before the
Assembly Committee on Ways and Means
AB 81 relating to: technical changes to the tax incremental financing statutes
April 6, 2017**

Chairman Macco and Committee Members,

Thank you for scheduling a public hearing for Assembly Bill 81, which was introduced at the request of the Department of Revenue and provides several common sense technical revisions and updates to Wisconsin's tax incremental financing districts (TID) statutes. AB 81 accomplishes the following technical changes:

- Corrects errors and oversights in current TID law.
- Creates defined expectations related to the filing of the TID annual report.
- Provides for greater administrative streamlining of TID law, which will be beneficial to municipalities and DOR.
- Improves a procedure for municipalities to file for an extension when completing their TID Annual Report and provides direction to DOR on enforcement of non-compliance.
- Repeals the extra, unnecessary TID Amendment Notification report.
- Adjusts the due date of the Tax Increment Certification form from May 15 to April 15 in order to allow local assessors an opportunity to complete the assessment roll before the local board of review process begins.
- Provides technical corrections to fix drafting oversights from the Legislative Council TID bills that passed last session.

This bill has no fiscal impact and passed unanimously through the Senate Committee on Government Operations, Technology, and Consumer Protection. In March, the Senate passed the bill unanimously.

Thank you for allowing me to testify in favor of AB 81. I urge you to support this legislation which provides necessary updates, revisions, and streamlining to our state's TID laws.

Assembly Bill 81 / Senate Bill 51: DOR TID Clean-Up Bill

April 6, 2017

*Senate Bill 51 passed the full Senate 33-0 on March 7, 2017.

The bill is largely a trailer bill to clean-up items created or unresolved by 2015 Wisconsin Acts 255 and 257, both Legislative Council Bills, and this bill also corrects a flaw in the mixed-use TID statute and removes a duplicative deadline in statute.

Removes Municipal-Owned Land from TID Base for Towns (Sections 1-4)

2015 Wisconsin Act 255 amended state law to exclude municipality-owned property from the determination of TID base values. It included the references for cities and villages, but it missed the reference for town TIDs. This provision corrects that oversight and brings consistent treatment to town TIDs.

Early TID Plan Amendment Notification to DOR (Sections 5 and 12)

Statutes require municipalities to notify DOR of project plan amendments between May 1 and May 21 annually. The pre-notification is of little value because it does not necessarily consider any activities that may take place over the other seven months of the year. Additionally, municipalities must notify DOR within 60 days after TID plan amendment adoption, which makes this pre-notification in May redundant and unnecessary. This provision eliminates the duplicative May 21 deadline while preserving the worthwhile notification deadline that occurs 60 days after project plan amendments.

Change May 15 Reporting Deadline to April 15 (Sections 6, 9, 13, and 16-18)

Statutes provide May 15 as the deadline for municipalities to submit to DOR notification of TID creations and terminations (the TID Increment Certification form). However, May 15 is too late in the year, since that information is needed by the Boards of Review, which commence in May each year. A May 15 deadline delays the required work of assessors, listers, and DOR and could delay Boards of Review from commencing. Moving the deadline from May 15 to April 15 will allow sufficient time for municipalities to submit notification to DOR without jeopardizing the timeliness of work that, generally, needs to be completed by the beginning of May.

TID Reporting Extensions (Sections 7, 14, and 19)

The TID reporting laws required by Act 257 allow two extensions: 1) standard 60-day extension, and 2) an additional extension provided by DOR for an unspecified length. DOR recommends having a standard 60-day extension only, rather than an option for an undefined extension.

TID Report Non-compliance Fine Standardization (Sections 8, 15, and 20)

If municipalities do not submit their required TID report to DOR by the deadline (and applicable extensions), DOR must fine municipalities \$100/day per TID for non-compliance. Statutes do not set any maximum penalty, deadline for penalty payment, or way for DOR to collect that fine from the municipality. DOR seeks to standardize this new penalty with the way we enforce other local government penalties by creating a maximum fine of \$6,000 and also allowing DOR to deduct unpaid fines from shared revenue payments.

Mixed-Use Costs Correction

(Section 10)

Statutes allow for the creation of mixed-used TIDs (for example, a combination of a commercial and industrial property). However, the statutes do not reference "mixed use costs" in the mixed-use TID statutes. This provision adds "mixed-used costs" to the list of other enumerated eligible costs for mixed-use TIDs. This is consistent with current law administration.

Repeal Obsolete Reference to Hayward TID #4

(Section 11)

TID #4 in the Village of Hayward required a legislative exception in 1994. The TID terminated in 2011, so the exception is now obsolete and was previously overlooked when removing other obsolete references in 2015 Wisconsin Act 256. This provision removes the obsolete reference from statute.