



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-1583/1
MES:emw&amn

2017 ASSEMBLY BILL 367

June 2, 2017 - Introduced by Representatives ZEPNICK, FIELDS, CROWLEY, YOUNG, BERCEAU, SINICKI, OHNSTAD and SPREITZER, cosponsored by Senators CARPENTER, L. TAYLOR and JOHNSON. Referred to Committee on Ways and Means.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT to create** 66.1105 (20) of the statutes; **relating to:** creating a mechanism
2 to determine the income tax increment generated by certain tax incremental
3 financing districts in the city of Milwaukee and authorizing the city to spend
4 a portion of that money on neighborhood economic revitalization.

Analysis by the Legislative Reference Bureau

This bill creates a mechanism to determine the income tax increment generated by certain tax incremental districts in the city of Milwaukee and authorizes the city to spend a portion of that revenue on neighborhood economic revitalization.

Under the bill, once a special tax incremental district (TID) is created, the Department of Revenue must determine the income tax incremental base (ITIB) of the district, which is the total amount of wages paid to all employees who work in a special TID in the year in which it was created. DOR is also required to determine the ITIB of an existing special TID as soon as practicable after the effective date of the bill.

The bill defines a special TID as any TID that is created under current law provisions after the bill takes effect and eight specified existing TIDs in the city of Milwaukee, including Grand Avenue Redevelopment; West McKinley and Juneau (the Milwaukee Bucks arena); Erie and Jefferson Riverwalk (street car); and Northwestern Mutual Life Insurance. For each year that a special TID exists after it is created and for each year that one of the eight specified special TIDs exists after DOR determines its ITIB, DOR must determine the value income increment (VII) and the income tax increment (ITI) that relate to the TID.

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The VII is the difference between the total amount of wages paid to all employees who work in a special TID in a given year, and the ITIB. The ITI is the amount of income taxes paid by employees in a year on the VII. For each year that DOR determines the ITI, it is required to forward to the city that created the special TID 50 percent of the ITI and that city is required to use the money only for neighborhood economic revitalization, as defined by the city's governing body.

In determining which areas of the city may benefit from such revitalization, the governing body must take into consideration a number of factors that relate to the area, including the crime rate, poverty level, unemployment rate, and percentage of the neighborhood's residents who receive some form of public assistance.

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 (20) of the statutes is created to read:

2 66.1105 (20) INCOME TAX INCREMENT, NEIGHBORHOOD ECONOMIC REVITALIZATION.

3 (a) *Definitions.* In this subsection:

4 1. "Employees" means permanent full-time equivalent employees, and
5 permanent part-time employees, who work in a special tax incremental district.

6 2. "Income tax increment" means the amount of income taxes paid by
7 employees in a year on the value income increment.

8 3. "Income tax incremental base" means the the total amount of wages paid to
9 all employees who work in a special tax incremental district in the year in which the
10 district is created.

11 4. "Special tax incremental district" means a tax incremental district created
12 under this section and all of the following:

13 a. Tax Incremental District Number 22 in the city of Milwaukee.

14 b. Tax Incremental District Number 37 in the city of Milwaukee.

15 c. Tax Incremental District Number 48 in the city of Milwaukee.

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1 d. Tax Incremental District Number 56 in the city of Milwaukee.

2 e. Tax Incremental District Number 67 in the city of Milwaukee.

3 f. Tax Incremental District Number 78 in the city of Milwaukee.

4 g. Tax Incremental District Number 82 in the city of Milwaukee.

5 h. Tax Incremental District Number 84 in the city of Milwaukee.

6 5. "Value income increment" means the difference between the total amount of
7 wages paid to all employees who work in a special tax incremental district created
8 under this section in a year and the income tax incremental base.

9 (b) *Department of revenue responsibilities.* 1. Upon the creation of a special tax
10 incremental district, the department of revenue shall determine the income tax
11 incremental base of the district.

12 2. As soon as practicable after the effective date of this subdivision [LRB
13 inserts date], the department of revenue shall determine the income tax incremental
14 bases of the districts specified in par. (a) 4. a. to h.

15 3. For each year that a special tax incremental district exists after the year in
16 which it was created, and for districts described under subd. 2. for each year that
17 such a district exists after the year in which the department of revenue makes the
18 determination described in subd. 2., the department of revenue shall determine the
19 value income increment and the income tax increment.

20 4. For each year that the department of revenue determines the income tax
21 increment under subd. 3., it shall forward to the city that created the special tax
22 incremental district, from the general fund, 50 percent of the income tax increment.

23 (c) *Uses of income tax increment.* A city that receives a portion of an income tax
24 increment under par. (b) 4. may use that money only for neighborhood economic
25 revitalization, as defined by the local legislative body by ordinance. In determining

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1 which areas of the city shall benefit from neighborhood economic revitalization, the
2 local legislative body shall take into consideration at least all of the following
3 elements in that neighborhood:

- 4 1. The crime rate.
- 5 2. The poverty level.
- 6 3. The unemployment rate.
- 7 4. The income levels of the neighborhood's residents.
- 8 5. The percentage of the neighborhood's residents who receive some form of
9 public assistance.

10 **SECTION 2. Initial applicability.**

11 (1) This act first applies to a special tax incremental district that is created or
12 whose income tax incremental base is determined under section 66.1105 (20) (b) 2.
13 of the statutes on the effective date of this subsection.

14 (END)