



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-2219/1
MES:emw

2017 ASSEMBLY BILL 659

November 20, 2017 - Introduced by Representatives LOUDENBECK, BORN, BRANDTJEN, E. BROOKS, KUGLITSCH, QUINN, SPREITZER, STEFFEN and SUBECK, cosponsored by Senators PETROWSKI, FEYEN and STROEBEL. Referred to Committee on Ways and Means.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT to create** 66.0602 (3) (ds) of the statutes; **relating to:** increasing a
2 political subdivision's levy limit upon the subtraction of territory from a tax
3 incremental financing district.

Analysis by the Legislative Reference Bureau

Under this bill, if the Department of Revenue recertifies the tax incremental base of a tax incremental district because part of its territory is subtracted, the political subdivision in which the TID is located may increase its levy limit by an amount equal to the political subdivision's maximum allowable levy for the preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the value increment of the TID's territory that was subtracted by the political subdivision's equalized value, as determined by DOR.

Generally, under current law, and subject to a number of exceptions, a city, village, town, or county may not increase its levy by a percentage that exceeds its "valuation factor," which is defined as the greater of either zero percent or the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. The base amount of a political subdivision's levy, on which the levy limit is imposed, is the actual levy for the immediately preceding year.

Under one of the current law exceptions, if DOR does not certify a value increment for a TID as a result of the district's termination, the levy limit otherwise applicable to the political subdivision is increased by a certain amount.

Also under current law, once a TID has been created, DOR calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable

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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.”

Under the current law exception to the levy limit relating to DOR not certifying a value increment for a TID that is terminated, the allowable increase is an amount equal to the political subdivision’s 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, as determined by DOR. This bill allows for a similar adjustment when territory is subtracted from a TID.

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 (3) (ds) of the statutes is created to read:
2 66.0602 (3) (ds) If the department of revenue recertifies the tax incremental
3 base of a tax incremental district as a result of the district’s subtraction of territory
4 under s. 66.1105 (4) (h) 2., the levy limit otherwise applicable under this section shall
5 be adjusted in the first levy year in which the subtracted territory is not part of the
6 value increment. In that year, the political subdivision in which the district is located
7 shall increase the levy limit otherwise applicable by an amount equal to the political
8 subdivision’s maximum allowable levy for the immediately preceding year,
9 multiplied by a percentage equal to 50 percent of the amount determined by dividing
10 the value increment of the tax incremental district’s territory that was subtracted,
11 calculated for the previous year, by the political subdivision’s equalized value,
12 exclusive of any tax incremental district value increments, for the previous year, all
13 as determined by the department of revenue.

14 **SECTION 2. Initial applicability.**

