# 2019 SENATE BILL 269

June 7, 2019 – Introduced by Senator ERPENBACH, cosponsored by Representatives POPE and HESSELBEIN. Referred to Committee on Government Operations, Technology and Consumer Protection.

1　AN ACT *to amend* 66.1105 (6) (c); and *to create* 66.1105 (6) (h) of the statutes;

2　　**relating to:** tax increment value reporting errors and property tax

3　　reimbursement.

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### *Analysis by the Legislative Reference Bureau*

Generally under current law, once a tax incremental district has been created, 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 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.

Under this bill, for property values reported in 2018, if a city or village erroneously reports a higher value increment for its TIDs by an aggregate amount of at least $50 million, the city's or village's TIDs may transfer the excess tax increment collections resulting from this error to the city's or village's general fund to reimburse taxpayers for the higher property tax rates imposed on them due to this error.  Before making any such transfers, the city or village must verify with DOR the amounts involved.

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For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1    SECTION 1. 66.1105 (6) (c) of the statutes is amended to read:

2    66.1105 **(6)** (c) Except for tax increments allocated under par. (d), (dm), (e), (f),

3    or (g), or erroneous reporting of value increments as described in par. (h), all tax

4    increments received with respect to a tax incremental district shall, upon receipt by

5    the city treasurer, be deposited into a special fund for that district. The city treasurer

6    may deposit additional moneys into such fund pursuant to an appropriation by the

7    common council. No moneys may be paid out of such fund except to pay project costs

8    with respect to that district, to reimburse the city for such payments, to pay project

9    costs of a district under par. (d), (dm), (e), (f), or (g), to pay property tax

10   reimbursements as described under par. (h), or to satisfy claims of holders of bonds

11   or notes issued with respect to such district. Subject to par. (d), (dm), (e), (f), or (g),

12   moneys paid out of the fund to pay project costs with respect to a district may be paid

13   out before or after the district is terminated under sub. (7). Subject to any agreement

14   with bondholders, moneys in the fund may be temporarily invested in the same

15   manner as other city funds if any investment earnings are applied to reduce project

16   costs. After all project costs and all bonds and notes with respect to the district have

17   been paid or the payment thereof provided for, subject to any agreement with

18   bondholders, if there remain in the fund any moneys that are not allocated under par.

19   (d), (dm), (e), (f), or (g), they shall be paid over to the treasurer of each county, school

20   district or other tax levying municipality or to the general fund of the city in the

21   amounts that belong to each respectively, having due regard for that portion of the

1    moneys, if any, that represents tax increments not allocated to the city and that

2    portion, if any, that represents voluntary deposits of the city into the fund.

3         **SECTION 2.**  66.1105 (6) (h) of the statutes is created to read:

4         66.1105 **(6)** (h)  For property values reported to the department of revenue in

5    2018, if a city erroneously reports a higher value increment for its tax incremental

6    districts in an aggregate amount of at least $50,000,000, that city's tax incremental

7    districts may transfer the excess tax increments collected resulting from this error

8    directly to the city's general fund for the sole purpose of reimbursing taxpayers for

9    the resulting erroneously higher property tax rates imposed on the taxpayers.  A city

10   that acts under this paragraph shall verify with the department of revenue the

11   amounts being transferred and disbursed before those transactions may take place.

12                                        **(END)**