WAPA Legislative Update
By Steve Hiniker
1000 Friends of Wisconsin

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2009 - 2010 Wisconsin Legislative Session Bill Tracking

NEW LEGISLATIVE PROPOSALS

AB 18 – Tax Credit for Historic Rehabilitation

Under current law, a person who owns an income-producing historic building may claim a federal income tax credit that is equal to 20 percent of certain costs to rehabilitate the historic building. To claim the credit, the building must be listed, or be eligible for listing, on the national register of historic places or located in certain national, state, or local historic districts, and the rehabilitation work must comply with Standards established by the Secretary of the Interior.

Under current law, a person who may claim the federal income tax credit for rehabilitating an income-producing historic building may also claim a state income tax or franchise tax credit that is equal to 5 percent of certain costs to rehabilitate the historic building. To claim the credit, the person must include with the person's tax return evidence that the secretary of the interior approved the rehabilitation work before the rehabilitation work began.

Under this bill, a person may claim the state income and franchise tax credit for rehabilitating an income-producing historic building if the person includes with the person's tax return evidence that the state historic preservation officer
recommended the rehabilitation work for approval by the secretary of the interior before the rehabilitation work began and that the rehabilitation was approved by the Secretary of the Interior.

Under current law, each partner in a partnership or member of a limited liability company is allocated a portion of any tax credit that the partnership or limited liability company may claim, including the credit for rehabilitating a historic building, based on each partner's or member's ownership interest. Under this bill, a partner or member is allocated a portion of the tax credit for rehabilitating a historic building in a manner specified in an agreement with the other partners or members.

AB 25 - Relating to school board approval of subdivision plats

Under current law, before a subdivision plat may be recorded, the city, village, or town in which the subdivision lies must approve the plat. The city, village, or town may condition approval of a plat upon such conditions as compliance with its ordinances and comprehensive plan.

This bill requires the school board of each school district in which the subdivision lies to approve the subdivision plat, as well. A school board may condition plat approval upon the requirements that the subdivision not pose a safety hazard for the busing of pupils, not increase school district transportation costs, not reduce state school aids received by the school district, or not otherwise adversely affect the school district's budget.

AB 75 – Budget Bill (Areas of interest)

Working Lands Inititative: Create a segregated working lands fund, which would be a separate trust fund and would receive deposits of: (a) conversion fees for land zoned out of a farmland preservation zoning district; and (b) conversion fees for land released or terminated from a farmland preservation agreement. Provide the State of Wisconsin Investment Board exclusive control of the investment and collection of the principal and interest of all monies loaned on invested from the working lands fund. Create two annual appropriations from the working lands fund for the following purposes: (a) farmland preservation planning grants; and (b) administration of the farmland preservation program and the agricultural conservation easement purchase program. No amount would be provided in these appropriations in 2009-11 under the bill. Additionally, provide $394,800 GPR beginning in 2010-11 for farmland preservation planning grants, and specify that no funds may be encumbered under the annual appropriation after June 30, 2016.

Transportation issues:

Regional Transit Authorities

The Governor recognizes that transit needs often cross political borders. By creating regional transit authorities, transit can be provided based on travel patterns instead of city or county boundaries. Furthermore, current methods of funding transit place a heavy burden on riders and the property tax levy, while often leaving transit funding short. Providing a dedicated funding source for transit, through a sales tax, provides both property tax relief and a reliable source of transit funding.

Three regions of the state have planned for and requested the ability to create regional transit authorities. The budget recommends authorizing the creation of three regional transit authorities in these areas to address existing needs for improved transit service. The first transit authority would be created in southeastern Wisconsin if the Milwaukee County Board, Kenosha County Board or municipalities in Racine County east of I-94 vote to create the authority. Communities in Waukesha, Washington and Ozaukee counties and the remainder of Racine County may join the transit authority. The entire counties also have the opportunity to join. In addition, the Governor recommends requiring the Southeastern Regional Transit Authority to advance the Kenosha-Racine-Milwaukee Commuter Link project to the preliminary engineering stage of the Federal Transit Administration's New Starts grant program. The second transit authority would be created in Dane County and will cover the Madison metropolitan planning area, if the Dane County Board votes for creation of the transit authority. Other communities in Dane County may join the transit authority. The third transit authority is created in the Fox Valley and encompasses the entire urbanized area of the Fox Cities metropolitan planning area. Communities in Outagamie, Winnebago and Calumet counties, as well as the entire counties, may join the authority. The Governor further recommends that all transit authorities created have the power to levy up to 0.5 percent sales and use tax within the district to fund transit activities. Authorities will have the ability to operate transit systems either through taking over existing systems or contracting, operating new services or contracting for transit service. Transit authorities will also receive state and federal transit aid and have the authority to issue bonds.

AB 90 – The operation of motorboats, other than personal watercraft, at slow-no-wake speed within a given distance of the shoreline of a lake.

Under current law, no person may operate a motorboat in excess of slow-no-wake speed within 100 feet of buoyed restricted areas or structures such as piers. Current law defines "motorboat" to include personal watercraft. Current law
imposes an additional slow-no-wake restriction on the operation of personal watercraft by prohibiting operation within 200 feet of the shoreline of a lake. Under current law, there is no slow-no-wake restriction for other motorboats within a given distance of a shoreline. This bill imposes a slow-no-wake restriction of 100 feet from the shoreline for motorboats that are not personal watercraft.

Under current law, cities, towns, villages, public inland lake protection and rehabilitation districts, and town sanitary districts (local governmental units) may enact local boating ordinances but the ordinances may not be inconsistent with state law. The bill provides an exception from this general requirement by allowing a local governmental unit to enact an ordinance exempting motorboats from the 100-foot restriction created in this bill.

Current law exempts from these restrictions pickup and drop areas for personal watercraft and motorboats and persons involved in water skiing. These exemptions apply to this new provision.

AB 92 - The regulation, preservation, and restoration of historic buildings; the supplement to the federal historic rehabilitation tax credit and the state historic rehabilitation tax credit; requiring the certification of downtowns; promoting certain downtown areas in this state; highway projects involving business and downtown areas; granting rule-making authority; and making appropriations.

Companion Bill to SB 55 (see analysis below)

AB 109 - Relating to authorizing a city or village to extend the life of a tax incremental district for one year to benefit housing in the city or village.

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed–use development. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment 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. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.
Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a new TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to extend the life of a TID created by the city or village for one year after all of the TID's project costs have been paid. Under the bill, DOR is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, without regard to whether the TID would otherwise not be eligible to receive the increments, and without regard to whether the TID would otherwise be required to terminate. The city or village must use at least 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city or village. The remainder of the increments must be used to improve the quality of the city's or village's existing housing stock.

AB 113 - Relating to changes to economic development tax benefit programs, providing an exemption from emergency rule procedures, and requiring the exercise of rule−making authority.

Consolidation of economic development zone programs
Under current law, the Department of Commerce (Commerce) may designate a portion of the state as a development zone, a development opportunity zone, an enterprise development zone, an agricultural development zone, an enterprise zone, an airport development zone, or a technology zone. Commerce may also certify persons who agree to undertake certain eligible activities in one of the designated zones. Eligible activities include job creation, environmental remediation, and capital investment. Persons who obtain certification are then eligible for tax benefits.

This bill consolidates the development zones, enterprise development zones, agricultural development zones, technology zones, and airport development zones (five development zone programs) into a program that provides tax benefits to persons who enter into a contract with Commerce to undertake eligible activities anywhere in the state. Eligible activities under the bill include all of the following:
1. Job creation projects that result in the creation and maintenance of jobs paying wages and providing benefits at a level approved by Commerce.
2. Projects that involve a significant investment of capital, as defined by Commerce by rule, by the person in new equipment, machinery, real property, or depreciable personal property.
3. Projects that involve significant investments in the training or reeducation of employees, as defined by Commerce by rule, for the purpose of improving the productivity or competitiveness of the business of the person.
4. Projects that will result in the location or retention of a person's corporate headquarters in Wisconsin or that will result in the retention of employees if the person's corporate headquarters are located in Wisconsin. Commerce may allocate tax benefits under the consolidated program up

to the total amount remaining to be allocated under the five development zone programs on the effective date of this bill. Tax benefits are allocated under the bill only after the person has verified to Commerce that the person has met the performance obligations established under the contract.
The value of tax benefits for which a person is eligible under the new tax credit program depends on the number of jobs created by the person, the amount of the capital investment made by the person, the amount of training or reeducation provided to the employees of a person, or the number of jobs retained by the person having its corporate headquarters located in Wisconsin.

Under the bill, Commerce may award additional tax benefits to a person that conducts eligible activities in an economically distressed area or if the eligible activities benefit members of a target group. Commerce is required by the bill to develop a methodology for designating an area as an "economically distressed area." The bill defines "member of a target group" as a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets certain eligibility requirements for a Wisconsin Works employment position, a person who is employed in a trial job security income recipient, a general assistance recipient, an economically disadvantaged ex−convict, a dislocated worker, as defined under federal law, or a food stamp recipient, if the person has been certified by a designated local agency.

AB 165 - Relating to expanding the types of property that may be specially assessed by a neighborhood improvement district.

Under current law, a municipality (any city, village, or town) may create a neighborhood improvement district (NID), upon being petitioned to do so by an owner of real property that is located in the proposed NID, if a number of steps are taken. In general, a NID is an area within a municipality consisting of parcels that are nearby to one another, but not necessarily contiguous, at least some of which are used for residential purposes and are subject to general real estate taxes, and also may include property that is acquired and owned by the NID board. If a NID is created under an approved operating plan, the municipality may impose special assessments on real property located within the NID to provide for the development, redevelopment, maintenance, operation, and promotion of the NID, except that special assessments may not be imposed on any parcel of real property that is used exclusively for less than eight residential dwelling units and real property that is exempted from general property taxes.

Under this bill, the limitation on the type of property upon which a special assessment may be imposed applies only to real property that is exempted from general property taxes.

SB 12 - Relating to the operation of motorboats, other than personal watercraft, at slow−no−wake speed within a given distance of the shoreline of a lake.

Under current law, no person may operate a motorboat in excess of slow−no−wake speed within 100 feet of buoyed restricted areas or structures such as piers. Current law defines "motorboat" to include personal watercraft. Current law imposes an additional slow−no−wake restriction on the operation of personal watercraft by prohibiting operation within 200 feet of the shoreline of a lake. Under current law, there is no slow−no−wake restriction for other motorboats within a given distance of a shoreline. This bill imposes a slow−no−wake restriction of 100 feet from the shoreline for motorboats that are not personal watercraft.

Under current law, cities, towns, villages, public inland lake protection and rehabilitation districts, and town sanitary districts (local governmental units) may enact local boating ordinances but the ordinances may not be inconsistent with state law. The bill provides an exception from this general requirement by allowing a local governmental unit to enact an ordinance exempting motorboats from the 100−foot restriction created in this bill.

Current law exempts from these restrictions pickup and drop areas for personal watercraft and motorboats and persons involved in water skiing. These exemptions apply to this new provision.

SB 47 - Designating portions of the Totogatic River as a wild river

Under current law, the legislature may designate rivers as part of the state's wild river system. The Department of Natural Resources (DNR) administers the system to preserve, protect, and enhance a river's natural beauty and unique recreational value. This bill adds to the wild river system portions of the Totogatic River. The bill also specifically allows DNR to authorize the removal of natural obstructions in the river if needed for the growth of wild rice and allows for the maintenance and replacement of piers and certain bridges and water crossings that currently are in place on the designated portions of the river.

SB 50 - Legislative oversight of expenditure of federal economic stimulus funds

This bill increases the legislature's role in approving the expenditure of federal economic stimulus funds during the 2008−09 fiscal year and the 2009−11 fiscal biennium. Under the bill, "federal economic stimulus funds" are defined to mean federal moneys received by the state beginning on the bill's effective date and ending on June 30, 2011, pursuant to federal legislation enacted during the 111th Congress for the purpose of reviving the economy of the United States.

Under the bill, as soon as practical after the receipt of any federal economic stimulus funds by the state, the governor must submit to the Joint Committee on Finance (JCF) a plan for the expenditure of the funds. After receiving the plan, the co-chairpersons of JCF must determine whether the plan is complete. If the co-chairpersons determine that the plan is complete, JCF must meet and either approve or modify and approve the plan within 14 days after the co-chairpersons determine that the plan is complete. The governor must then implement the plan as approved by JCF.

The bill further provides that JCF must develop guidelines for the timely completion of all projects proposed in the governor's plan and must require the governor to submit, on a periodic basis, a status report on all work undertaken on the projects. If for any reason a project cannot be completed on a timely basis, or if federal economic stimulus funds cannot be expended as proposed in the plan, the governor must submit a revised plan to the co-chairpersons of JCF. The revised plan may only be implemented if approved by JCF using the process described above.

SB 55 - The regulation, preservation, and restoration of historic buildings; the supplement to the federal historic rehabilitation tax credit and the state historic rehabilitation tax credit; requiring the certification of downtowns; promoting certain downtown areas in this state; highway projects involving business and downtown areas; granting rule−making authority; and making appropriations.

State Historic Building Code

This bill specifies that the State Historic Building Code must be liberally interpreted to facilitate the preservation and restoration of qualified historic buildings. The bill also creates a specific administrative procedure for determining the extent to which a provision in a local building code applies to a qualified historic building. The bill permits the owner of a qualified historic building who has elected to be governed by the State Historic Building Code to request that Commerce review any decision of a local governmental unit that requires the owner to comply with a provision in a local ordinance. Commerce must review the decision to determine whether the provision in the ordinance concerns a matter dealt with in the State Historic Building Code, in which case the owner would be exempt from the provision. Commerce must consult with the State Historical Society (SHS) before making its determination. The bill specifies that, in performing this review, Commerce must follow the existing procedure for resolving conflicts between local orders and orders of Commerce that relate to the safety of places of employment or public buildings. In addition, the bill requires Commerce, in cooperation with the SHS, to develop an informational pamphlet to increase public awareness and use of the State Historic Building Code.

Historic buildings used as multifamily dwellings

This bill permits a local governmental unit to adopt an ordinance that requires the local governmental unit to grant a variance from these handrail and guardrail requirements, as they apply to a qualified historic building that is converted from a single−family dwelling to a multifamily dwelling, if the owner of the qualified historic building shows that the type, height, and design of the handrail or guardrail proposed for installation is historically appropriate and if the handrail or guardrail is at least as protective of public safety as the rail that is otherwise required.

Historic rehabilitation tax credit

Under the bill, for taxable years beginning in 2010, a person who is eligible to claim the federal rehabilitation tax credit may claim the supplemental state rehabilitation credit in an amount equal to 20 percent of qualified expenses, if the rehabilitated property is located in this state and the SHS certifies the rehabilitation. In addition, under the bill, a person who is not eligible to claim the federal rehabilitation tax credit because the person's qualified expenses do not satisfy the adjusted−basis requirement under federal law may claim the supplemental state rehabilitation credit in an amount equal to 20 percent of qualified expenses, if the qualified expenses are at least $10,000, the rehabilitated property is located in this state and the SHS certifies the rehabilitation. The SHS may charge and collect a fee for the certifications described in this paragraph in an amount equal to 2 percent of the qualified expenses, but not less than $300 nor more than $20,000. Fifty percent of the amount of such fees collected by the SHS will be used to provide additional staffing for the administration of the State Main Street Program, which is a program that promotes revitalization efforts in certain business areas.

Under this bill, if a person who claims the supplemental state income or franchise tax credit for qualified expenses related to preserving or rehabilitating historic property in this state sells the property within five years from the date on which the preservation or rehabilitation is completed, or if the SHS determines that the preservation or rehabilitation does not comply with the standards established by the SHS, the person who claimed the tax credit must pay to the state all, or a portion, of the amount of the credit that the person received, depending on the date on which the person sold the property or the date on which the preservation or rehabilitation does not comply with SHS standards.

DOWNTOWN DEVELOPMENT
Certification and promotion of downtowns
This bill requires Commerce to develop and publish guidelines to aid communities in reconstructing central business districts that are destroyed or severely damaged in major disasters. The bill also requires Commerce to promulgate rules pursuant to which Commerce will certify downtowns. In addition, under the bill, the Department of Tourism must promote travel to these certified downtowns and to business areas that are or have been the subject of revitalization efforts under the State Main Street Program.

This bill imposes additional requirements relating to highway projects that are funded by the Department of Transportation (DOT) and that involve a highway in a business area included in the State Main Street Program or in a downtown certified by Commerce. First, DOT must consult, during preliminary stages of a proposed highway project, on issues concerning the proposed project and its effect on the business or certified downtown area with Commerce and, unless none exists, with a local board or downtown planning organization of that municipality. Second, DOT must, during the concept definition phase of the project, recognize the high visual and aesthetic significance of, and impact related to, these types of highway projects in evaluating the aesthetic and visual impact of the project.

SB 77 - Changes to economic development tax benefit programs, providing an exemption from emergency rule procedures, and requiring the exercise of rule−making authority.

Consolidation of economic development zone programs

This bill consolidates the development zones, enterprise development zones, agricultural development zones, technology zones, and airport development zones (five development zone programs) into a program that provides tax benefits to persons who enter into a contract with Commerce to undertake eligible activities anywhere in the state. Eligible activities under the bill include all of the following:

1. Job creation projects that result in the creation and maintenance of jobs paying wages and providing benefits at a level approved by Commerce.
2. Projects that involve a significant investment of capital, as defined by Commerce by rule, by the person in new equipment, machinery, real property, or depreciable personal property.
3. Projects that involve significant investments in the training or reeducation of employees, as defined by Commerce by rule, for the purpose of improving the productivity or competitiveness of the business of the person.
4. Projects that will result in the location or retention of a person's corporate headquarters in Wisconsin or that will result in the retention of employees if the person's corporate headquarters are located in Wisconsin. Commerce may allocate tax benefits under the consolidated program up to the total amount remaining to be allocated under the five development zone programs on the effective date of this bill. Tax benefits are allocated under the bill only after the person has verified to Commerce that the person has met the performance obligations established under the contract.

The value of tax benefits for which a person is eligible under the new tax credit program depends on the number of jobs created by the person, the amount of the capital investment made by the

person, the amount of training or reeducation provided to the employees of a person, or the number of jobs retained by the person having its corporate headquarters located in Wisconsin.

Under the bill, Commerce may award additional tax benefits to a person that conducts eligible activities in an economically distressed area or if the eligible activities benefit members of a target group. Commerce is required by the bill to develop a methodology for designating an area as an "economically distressed area." The bill defines "member of a target group" as a person who resides in an area designated by the federal government as an economic revitalization area, a person who is employed in an unsubsidized job but meets certain eligibility requirements for a Wisconsin Works employment position, a person who is employed in a trial job or in a real work real pay project position, a person who is eligible for child care assistance, a person who is a vocational rehabilitation referral, an economically disadvantaged youth, an economically disadvantaged veteran, a supplemental security income recipient, a general assistance recipient, an economically disadvantaged ex-convict, a dislocated worker, as defined under federal law, or a food stamp recipient, if the person has been certified by a designated local agency.

SB 78 - Protections for tenants in foreclosure actions

This bill requires the plaintiff in a foreclosure action against residential rental property to provide the tenants of the property with notice that a foreclosure action has been filed, notice that the plaintiff has been granted judgment, along with notice of the date on which the redemption period ends, and notice of the date and time of the hearing to confirm the sale of the property. A tenant may recover $250 in damages if a notice is not given. In addition, the bill provides that a tenant may retain possession of the rental unit for up to two months after the end of the month in which the sale of the property is confirmed, and may withhold rent in the amount of the security deposit for the last period during which the tenant actually retains possession of the rental unit.

The bill also requires a landlord to notify any prospective tenant in writing that a foreclosure action has been commenced and, if judgment has been entered, the date on which the redemption period ends. Any rental agreement entered into during the pendency of a foreclosure action must include a separate statement, signed by the tenant, that the landlord has provided the required notices, or it is voidable at the option of the tenant.

SB 81 - Authorizing a city or village to extend the life of a tax incremental district for one year to benefit housing in the city or village.

This bill authorizes a city or village to extend the life of a TID created by the city or village for one year after all of the TID's project costs have been paid. Under the bill, DOR is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, without regard to whether the TID would otherwise not be eligible to receive the increments, and without regard to whether the TID would otherwise be required to terminate. The city or village must use at least 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city or village. The remainder of the increments must be used to improve the quality of the city's or village's existing housing stock.

SB 117 - Relating to extraterritorial plat approval on basis of land's use.

Current law specifies whether a county, town, city, or village has the right to approve or object to a plat (the map of a subdivision). Generally, the location of the subdivision determines which local governmental unit or units have the right to approve the plat. However, if a subdivision lies

in the unincorporated area within three miles of the corporate limits of a first, second, or third class city, or within one and one−half miles of a fourth class city or village, the governing body of the city or village has the right to approve the plat under its extraterritorial plat approval jurisdiction, as well as the board of the town within which the subdivision lies and the planning agency of the county within which the subdivision lies if the planning agency employs on a full−time basis a professional engineer, a planner, or another person charged with administering zoning or other planning legislation. Approval of a plat is conditioned on, among other things, the plat's compliance with the local ordinances and a comprehensive, master, or development plan of the local governmental unit or units that have the right to approve the plat.

This bill prohibits a municipality (city or village) from denying approval of a plat or certified survey map on the basis of the proposed use of land within the extraterritorial plat approval jurisdiction of the municipality unless the denial is based on a plan or regulations adopted under the statute referred to in *Boucher Lincoln−Mercury* that sets out the requirements for the cooperative effort between the municipality and the town for extraterritorial zoning.

SB 131 - Relating to authorizing the cities of Cudahy and Oak Creek to use environmental remediation tax increments generated by one environmental tax incremental district to benefit another environmental remediation tax incremental district.

Under current law, the environmental remediation tax incremental financing program permits a city, village, town, or county (political subdivision) to recoup the costs of remediating contaminated property from property taxes that are levied on the remediated property. The mechanism for financing remediation costs is very similar to the mechanism for financing project costs under the tax incremental financing (TIF) program.

Initially, the governing body of a political subdivision adopts a resolution creating an environmental remediation tax incremental district (ERTID) with particular boundaries. This resolution is then reviewed by a joint review board made up of representatives of the overlying taxing jurisdictions. If the joint review board approves the ERTID, a political subdivision that has incurred eligible costs to remediate environmental pollution on a parcel of property may apply to the Department of Revenue (DOR) to certify the environmental remediation tax incremental base of the parcel. DOR is required to certify the environmental remediation tax incremental base if the political subdivision submits to DOR all of the following: 1) a statement that the political subdivision has incurred some eligible costs, together with a detailed proposed remedial action plan approved by the Department of Natural Resources (DNR) that contains cost estimates for anticipated eligible costs, a schedule for the design and implementation that is needed to complete the remediation, and certification from DNR that it has approved the site investigation report that relates to the parcel; 2) a statement that all taxing jurisdictions with authority to levy general property taxes on the parcel of property have been notified that the political subdivision intends to recover its environmental remediation costs by using an environmental remediation tax increment; and 3) a statement that the political subdivision has attempted to recover its environmental remediation costs from the person who is responsible for the environmental pollution that is being remediated. Thereafter, the political subdivision that created the ERTID may use positive environmental remediation tax increments to pay eligible costs of remediating environmental pollution in the ERTID.

Currently, the maximum life of an ERTID is 23 years and no expenditure for an eligible cost may be made by a political subdivision later than 15 years after the environmental remediation tax

incremental base is certified by DOR. Alternately, an ERTID must terminate before its 23 year maximum life span if a political subdivision receives sufficient environmental remediation tax increments to cover all of its eligible costs.

This bill allows ERTID number one in the city of Cudahy and ERTID number one in the city of Oak Creek to continue generating environmental remediation tax increments after all of the eligible costs for each ERTID have been recovered. These increments would be applied, respectively, to ERTID number two in the city of Cudahy and an ERTID yet to be created in the city of Oak Creek. ERTID number one in the city of Cudahy and ERTID number one in the city of Oak Creek would each terminate 23 years after creation or once the eligible costs for the recipient ERTID has been recovered, whichever occurs sooner.

SB 132 - Relating to expanding the life of a tax incremental district in the city of Racine.

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Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed−use development. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the “tax increment 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. The costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID.

Under this bill, for TID Number 2 in the city of Racine, the 27−year life of the TID and the period of time during which DOR may authorize tax increments is extended from 2010 to 2020, and the expenditure period is extended from 2005 to 2015.