



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

Testimony on Senate Bill 51

Good Afternoon. My remarks will be brief as the Department of Revenue will be testifying and answering questions about this proposal after me.

Senate Bill 51 was drafted at the request of the Department of Revenue as a general update to TID laws. The changes created in the bill: 1) correct errors and oversights in current TID law; 2) create defined expectations related to the filing of the TID annual report; and 3) provide for greater administrative streamlining of TID law that is beneficial for both municipalities and the Department of Revenue. These changes do not have a fiscal effect.

TID Annual Report

Beginning this July, municipalities must submit a TID Annual Report to the DOR for each TID. The annual report must contain a variety of information including: the planned termination of the TID; any developer named in a developer's agreement or receiving financial assistance from the TID; and a financial analysis of the TID. DOR will post all of the TID reports on the agency's website. If a municipality fails to file their reports on time, the municipality is subject to a fine of \$100/TID per day.

This bill sets up the parameters for obtaining an extension. Senate Bill 51 provides that DOR may grant a 60-day extension and repeals an undefined permissive extension in current law. The bill also sets the maximum fine for non-timely filing at \$6,000.

TID Amendment Notification

This bill repeals an extra notification report municipalities must file before amending a TID. The report is not binding and not necessary for DOR's administration.

Tax Increment Certification

Finally, current law requires municipalities to notify DOR by May 15 each year via the Tax Increment Certification whether DOR should calculate a TID increment in the coming year. This bill moves the due date of this form from May 15 to April 15. The earlier deadline will provide local assessors a window to complete the assessment roll after the April 15 deadline and prior to board of review commencing.

Other Provisions

The bill also makes some technical corrections to fix drafting oversights from last session's Legislative Council TID bills, including eliminating an obsolete TID exception statute (Hayward #4). None of these changes has a fiscal effect or affects the administration of any existing TID.

Senate Bill 51: DOR TID Clean-Up Bill

February 28, 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. 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.

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.