

TIF Policy Review
Excerpts from Wisconsin TIF Statutes
August 22, 2005

Definition of Blight (Wis. Stats. 66.1105)

1. "Blighted area" means any of the following:
 - a. An area, including a slum area, in which the structures, buildings or improvements, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.
 - b. An area which is predominantly open and which consists primarily of an abandoned highway corridor, as defined in s. 66.1333 (2m) (a), or that consists of land upon which buildings or structures have been demolished and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community.
2. "Blighted area" does not include predominantly open land area that has been developed only for agricultural purposes.

Creation to Tax Incremental Districts (Wis. Stats. 66.1105 (4))

(4) Creation of tax incremental districts and approval of project plans. In order to implement the provisions of this section, the following steps and plans are required:

- (a) Holding of a public hearing by the planning commission at which interested parties are afforded a reasonable opportunity to express their views on the proposed creation of a tax incremental district and the proposed boundaries of the district. Notice of the hearing shall be published as a class 2 notice, under ch. 985. Before publication, a copy of the notice shall be sent by first class mail to the chief executive officer or administrator of all local governmental entities having the power to levy taxes on property located within the proposed district and to the school board of any school district which includes property located within the proposed district. For a county with no chief executive officer or administrator, notice shall be sent to the county board chairperson.
- (b) Designation by the planning commission of the boundaries of a tax incremental district recommended by it and submission of the recommendation to the local legislative body.
- (c) Identification of the specific property to be included under par. (gm) 4. as blighted or in need of rehabilitation or conservation work. Owners of the property identified shall be notified of the proposed finding and the date of the hearing to be held under par. (e) at least 15 days prior to the date of the hearing. In cities with a redevelopment authority under s. 66.1333, the notification required under this paragraph may be provided with the notice required under s. 66.1333 (6) (b) 3., if the notice is transmitted at least 15 days prior to the date of the hearing to be held under par. (e).

- (d) Preparation and adoption by the planning commission of a proposed project plan for each tax incremental district.
- (e) At least 14 days before adopting a resolution under par. (gm), holding of a public hearing by the planning commission at which interested parties are afforded a reasonable opportunity to express their views on the proposed project plan. The hearing may be held in conjunction with the hearing provided for in par. (a). If the city anticipates that the proposed project plan's project costs may include cash grants made by the city to owners, lessees, or developers of land that is located within the tax incremental district, the hearing notice shall contain a statement to that effect. Notice of the hearing shall be published as a class 2 notice, under ch. 985. The notice shall include a statement advising that a copy of the proposed project plan will be provided on request. Before publication, a copy of the notice shall be sent by 1st class mail to the chief executive officer or administrator of all local governmental entities having the power to levy taxes on property within the district and to the school board of any school district which includes property located within the proposed district. For a county with no chief executive officer or administrator, notice shall be sent to the county board chairperson.
- (f) Adoption by the planning commission of a project plan for each tax incremental district and submission of the plan to the local legislative body. The plan shall include a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in sub. (2) (f) 1. k., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated non project costs; and a statement of the proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city. The city shall include in the plan an opinion of the city attorney or of an attorney retained by the city advising whether the plan is complete and complies with this section.
- (f) Approval by the local legislative body of a project plan prior to or concurrent with the adoption of a resolution under par. (gm). The approval shall be by resolution which contains findings that the plan is feasible and in conformity with the master plan, if any, of the city.
- (gm) Adoption by the local legislative body of a resolution which:
 - 1. Describes the boundaries, which may, but need not, be the same as those recommended by the planning commission, of a tax incremental district with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the district. The boundaries of the tax incremental district may not include any annexed territory that was not within the boundaries of the city on January 1, 2004, unless at least 3 years have elapsed since the territory was annexed by the city, unless the city enters into a cooperative plan boundary agreement, under s. 66.0307, with the town from which the territory was annexed, or unless the city and town enter into another kind of agreement relating to the annexation except that, notwithstanding these conditions, the city may include territory that was not within the boundaries of the city on January 1, 2004, if the city pledges to pay the town an amount equal to the property taxes levied on the territory by the town at the time of the annexation for each of the next 5 years. If, as the result of a pledge by the city to pay the town an amount equal to the property taxes levied on the

territory by the town at the time of the annexation for each of the next 5 years, the city includes territory in a tax incremental district that was not within the boundaries of the city on January 1, 2004, the city's pledge is enforceable by the town from which the territory was annexed. The boundaries shall include only those whole units of property as are assessed for general property tax purposes. Property standing vacant for an entire 7-year period immediately preceding adoption of the resolution creating a tax incremental district may not comprise more than 25 percent of the area in the tax incremental district, unless the tax incremental district is suitable under subd. 4. a. for either industrial sites or mixed use development and the local legislative body implements an approved project plan to promote industrial development within the meaning of s. 66.1101 if the district has been designated as suitable for industrial sites, or mixed-used development if the district has been designated as suitable for mixed-use development. In this subdivision, "vacant property" includes property where the fair market value or replacement cost value of structural improvements on the parcel is less than the fair market value of the land. In this subdivision, "vacant property" does not include property acquired by the local legislative body under ch. 32, property included within the abandoned Park East freeway corridor or the abandoned Park West freeway corridor in Milwaukee County, or property that is contaminated by environmental pollution, as defined in s. 66.1106 (1) (d).

2. Creates the district as of a date provided in the resolution. If the resolution is adopted during the period between January 2 and September 30, then the date shall be the next preceding January 1. If the resolution is adopted during the period between October 1 and December 31, then the date shall be the next subsequent January 1. If the resolution is adopted on January 1, the district is created on that January 1.
3. Assigns a name to the district for identification purposes. The first district created shall be known as "Tax Incremental District Number One, City of". Each subsequently created district shall be assigned the next consecutive number.
4. Contains findings that:
 - a. Not less than 50%, by area, of the real property within the district is at least one of the following: a) a blighted area; in need of rehabilitation or conservation work, as defined in s. 66.1337 (2m) (b); suitable for industrial sites within the meaning of s. 66.1101 and has been zoned for industrial use; or suitable for mixed-use development; and
 - b. The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district. It is not necessary to identify the specific parcels meeting the criteria; and
 - bm. The project costs relate directly to eliminating blight, directly serve to rehabilitate or conserve the area or directly serve to promote industrial development, consistent with the purpose for which the tax incremental district is created under subd. 4. a.; and
 - c. The equalized value of taxable property of the district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the city. In determining the equalized value of taxable property under this subd. 4. c., the department of revenue shall base its calculations on the most recent equalized value of taxable property of the district that is reported under s. 70.57 (1m) before the date on which the resolution under this paragraph is adopted.

5. Confirms that any real property within the district that is found suitable for industrial sites and is zoned for industrial use under subd. 4. a. will remain zoned for industrial use for the life of the tax incremental district.
6. Declares that the district is a blighted area district, a rehabilitation or conservation district, an industrial district, or a mixed-use district based on the identification and classification of the property included within the district under par. (c) and subd. 4. a. If the district is not exclusively blighted, rehabilitation or conservation, industrial, or mixed use, the declaration under this subdivision shall be based on which classification is predominant with regard to the area described in subd. 4. a.

Joint review board (Wis. Stats. 66.1105 4(m))

(b)

1. The board shall review the public record, planning documents and the resolution passed by the local legislative body or planning commission under sub. (4) (gm) or (h) 1. As part of its deliberations the board may hold additional hearings on the proposal.
2. The board shall submit its decision to the city no later than 7 days after the board acts on and reviews the items in subd. 2., except that, if the board requests a department of revenue review under subd. 4., the board shall do one of the following:
 - a. Submit its decision to the city no later than 10 working days after receiving the department's written response.
 - b. If the city resubmits its proposal under subd. 4. no later than 10 working days after the board receives the department's written response, submit its decision to the city no later than 10 working days after receiving the city's resubmitted proposal.

(c)

1. The board shall base its decision to approve or deny a proposal on the following criteria:
 - a. Whether the development expected in the tax incremental district would occur without the use of tax incremental financing.
 - b. Whether the economic benefits of the tax incremental district, as measured by increased employment, business and personal income and property value, are insufficient to compensate for the cost of the improvements.
 - c. Whether the benefits of the proposal outweigh the anticipated tax increments to be paid by the owners of property in the overlying taxing districts.
2. The board shall issue a written explanation describing why any proposal it rejects fails to meet one or more of the criteria specified in subd. 1.