

4.1 Statutory Responsibilities

The Department of Revenue (DOR) plays many different roles in administering the Tax Incremental Finance (TIF). They are identified in the state statutes and include determining and certifying TIF property values, receiving notification and approving TIF applications, monitoring compliance with certain mixed-use development requirements, and creating and updating a manual on the TIF program. DOR creates and maintains numerous forms and reports, to collect and share information. There are two other duties covered in this Chapter. DOR has review functions when Joint Review Boards (JRB) make such requests, and DOR can determine on a case-by-case basis, if substantial compliance has been met by the municipality in creating or amending a Tax Incremental District (TID).

Procedural Responsibilities

Determine Property Values – One of DOR's primary roles is establishing the Equalized Value of property throughout the state. Briefly, the Equalized Value is an estimate of the total value subject to property tax in a district. It is computed independent from the estimate of the local assessor. Equalized Values are used by DOR to calculate the base value of a TID in the year of creation [sec. 66.1105 (2)(j), Wis. Stats.], and when the TID base is adjusted due to territory addition or subtraction. Equalized Values are also used to establish the value increment in each subsequent year [sec. 66.1105 (2)(m), Wis. Stats.]. The statute requires that, when certifying a new or amended TID, DOR will use the most recent Equalized Values reported before the creation or amendment date.

Please note: The most recently established equalized values will be used when establishing base values for a new or amended TID; or when subtracting territory. However, DOR will use the values from the year the property was put into the TID.

Municipalities are limited in the use of TIF based on the Equalized Value. The TIF creation or amendment resolution must contain a finding that "the equalized value of taxable property of the (new/amended) district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the municipality" [sec. 66.1105 (4)(gm) 4.c., Wis. Stats.]. This finding is called the "12% capacity limit". The local legislative body must use the most recently reported equalized values to do this calculation when creating/amending a district.

Upon receipt of the application packet from the municipal clerk, DOR shall determine the full aggregate value of the taxable property and of qualified municipal-owned property in the TID. This aggregate valuation is certified to the clerk under sec. 66.1105 (5)(b), Wis. Stats., and sets the tax incremental base for the district. In the case of a territory amendment, the application constitutes a request to redetermine the base value. DOR is authorized by sec. 66.1105 (5)(a), Wis. Stats., to collect a \$1,000 fee for base value determinations or redeterminations. When a territory amendment both adds property to and subtracts property from the TID, the base value must be re-determined twice, where DOR is authorized to collect a \$2,000 fee.

Notification – TIF law requires DOR to receive notice about creations, amendments, and terminations. According to sec. 66.1105 (5)(b), Wis. Stats., if the municipality estimates that more than 35% of the territory in the district will be devoted to retail use at the end of the maximum expenditure period, they must report that estimate to DOR. Municipal clerks are required by sec. 66.1105 (5)(cm), Wis. Stats., to notify DOR electronically on the [Tax Incremental Certification](#) (PE-209) before May 15 of any amendments that have been adopted, or TIDs that have been terminated. In addition to this form, clerks shall give notice, by fax, letter, or e-mail, to DOR within 60 days of adoption of the resolutions.

Separate from this form, municipalities are required to give DOR written notice within 60 days of the termination of a TID by fax, mail or e-mail. The termination dates for TIDs under a variety of circumstances are spelled out in sec. 66.1105 (7), Wis. Stats. The effective date of termination depends on when the notice is received by DOR. If the notice of termination is received on or before May 15, no increment will be certified for the following tax year. If the notice comes on or after May 16 the increment for the following tax year will be certified. For example, a termination notice received on May 1, 2014 will mean that no increment will be included in the levy for 2014, collected in 2015. If the termination notice is received on June 1, 2014, there will be an increment certified for 2014 and it will be collected with the taxes paid in 2015.

Please note: Termination reporting requires both the online termination report ([PE-110](#)) and the final accounting expanded report – which is an [Excel file](#) that captures a year-by-year breakdown of revenues and expenditures or the CPA's final audit report that would contain the same information.

After DOR receives the notice of termination required in sec. 66.1105 (8)(a), Wis. Stats., the municipality and DOR must agree on a date for providing the final accounting to DOR. The [Final Accounting for Terminated TID Agreement](#) (PE-223) must be completed and sent, along with a copy of the termination resolution, to DOR.

The [TID Final Accounting Report](#) (PE-110) will be sent to DOR electronically, and must be accompanied by an [Excel spreadsheet](#) file. If the final report is not received by DOR by the date agreed, DOR is authorized under sec. 66.1105 (8)(d), Wis. Stats., to refuse to certify the tax incremental base of any new or territory amendment TID until the report is received. The final accounting must include:

1. final accounting of all expenditures,
2. total amount of project costs incurred by the municipality,
3. total amount of positive tax increments received by the municipality, and
4. total amount of project costs that have not been paid for with increments and will become obligations of the municipality. (More on this process can be found in [Section 2.4 TIF Termination](#).)

Please note: If the final accounting cannot be submitted by the agreed date, an e-mail should be sent to DOR with a reason for the delay and a new date for submission.

When the municipality decides to terminate a TID, DOR suggests that they send a notice to each of the overlying taxing jurisdictions (schools, technical college, county, sewer, lake protection and rehabilitation, etc.). This notice should inform them of the plans to terminate the TID so they can better prepare for the return of the TID property values back into the tax roll. If, as the date of termination approaches, a municipality decides to ask the JRB to extend the life of the district, DOR must receive notice of this decision at least one year in advance of the date a TID is required to terminate. If this notice is not submitted, sec. 66.1105 (8)(e), Wis. Stats., allows DOR to deny the extension.

In addition to receiving notice about certain events, DOR is also required to annually provide notice to the chief finance officials of all the overlying taxing jurisdictions of the Equalized Value of the property in the TIDs in their district. This notice is posted annually by September 1 on the [TIF webpage](#) - Certification Letters.

Approval – DOR may not certify the base value of a newly proposed TID if the "procedures and documents" required in sec. 66.1105 (4)(a), (b), (gm), or (h), and (5)(b), Wis. Stats., are not timely completed and notices timely given. DOR may not certify the base until it reviews and approves the findings of sec. 66.1105(4)(gm)4.c., Wis. Stats., (the 12% TID capacity limitation). The actions referred to above are the required public hearings (a), the designation of boundaries (b), the creation resolution (gm), project amendments of all kinds (h), and the request for a base certification (5)(b).

Please Note: It is NOT DOR'S ROLE to review the facts supporting any document adopted or action taken to comply with the listed sections.

Annual Increment – DOR authorizes the allocation of tax increments every year after the base year, once the TID application has been approved. Annually, the clerk must electronically file one copy of the [Tax Increment Certification](#) (PE-209) before the 15th of May for each TID. This must be done every year to request that DOR certify an increment. The assessor must also electronically file the TID Assessment Report (TAR) before the second Monday in June. The facts supporting these documents are not subject to review. If a timely report is not filed, DOR will use the previous year's non-manufacturing certified Equalized Value. As a result, any additions or corrections will be lost for that year and no statutory adjustments will be made.

TIF Manual

DOR has the power to "[create, and update, a manual](#)" on TIF. Sec. 73.03 (57), Wis. Stats., lists items that should be in the manual, such as rules, common problems, side effects and any other data DOR deems appropriate.

Training and Advice – In addition to the formal documents and publications offered by DOR, TIF staff participates in workshops and conferences. This allows DOR to talk with TIF users and answer questions. Consultants and professional associations offer great

Please note: The DOR does not approve or deny specific project costs for a TID. Project costs should be decided upon by each municipality in consultation with their legal counsel.

training workshops for TIF users. By taking part in these presentations, TIF updates can reach many people. DOR also offers a one-stop destination for TIF questions. Send your questions to tif@revenue.wi.gov. This address can be used to submit electronic files (such as the expanded reporting file for terminated TIDs).

DOR also uses e-mail to communicate answers to common questions, to share updates, or to announce new tools and resources. The TID e-mail list currently has over 2,000 subscribers who receive regular updates and announcements from DOR. Subscription is free and voluntary. [Sign up at this site](#) by selecting the TIF/TID list, and entering your e-mail address. The addresses are only used for sending these e-mails, and you are free to unsubscribe at any time by following the instructions contained in each message.