

# State of Wisconsin



2025 Senate Bill 480

Date of enactment:  
Date of publication\*:

## 2025 WISCONSIN ACT

AN ACT to amend 66.1105 (2) (f) 3. (intro.), 66.1105 (4) (gm) 4. c., 66.1105 (6) (a) 7. and 66.1105 (7) (am) 2.; to create 60.23 (32) (g) and 66.1105 (21) of the statutes; relating to: residential tax incremental districts.

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

**SECTION 1g.** 60.23 (32) (g) of the statutes is created to read:

60.23 (32) (g) In any town that operates a sewerage system or in which a sanitary district is located, the town board may exercise all powers of cities under s. 66.1105 (21). A town acting under this paragraph exercises the powers of a city and is subject to the same duties and liabilities as a city under s. 66.1105 (21). Section 66.1105 (16) does not apply to a tax incremental district created by a town under s. 66.1105 (21).

**SECTION 1m.** 66.1105 (2) (f) 3. (intro.) of the statutes is amended to read:

66.1105 (2) (f) 3. (intro.) Notwithstanding subd. 1., project costs may include any expenditures made or estimated to be made or monetary obligations incurred or estimated to be incurred by the city for newly platted residential development only for a residential tax incremental district under sub. (21) or any tax incremental district for which a project plan is approved before September 30, 1995, or for a mixed-use development tax incremental district to which one of the following applies:

**SECTION 1r.** 66.1105 (4) (gm) 4. c. of the statutes is amended to read:

66.1105 (4) (gm) 4. c. Except as provided in subs. (10) (c), (16) (d), (17), (18) (c) 3., (20) (b), ~~and~~ (20m)

(d) 1., ~~and (21) (g)~~, 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. If the department of revenue determines that a local legislative body exceeds the 12 percent limit described in this subd. 4. c., the department shall notify the city of its noncompliance, in writing, not later than December 31 of the year in which the department receives the completed application or amendment forms described in sub. (5) (b).

**SECTION 1s.** 66.1105 (6) (a) 7. of the statutes is amended to read:

66.1105 (6) (a) 7. Twenty years after the tax incremental district is created if the district is a residential tax incremental district under sub. (21) or if the district is created on or after October 1, 2004; and if the district is at least predominantly suitable for mixed-use development or industrial sites under sub. (4) (gm) 6. If the life of the district is extended under sub. (7) (am) 2. an allocation under this subdivision may be made 23 years after such a district is created. If the life of the district is

\* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

extended under sub. (7) (am) 4., an allocation under this subdivision may be made for not more than an additional 3 years after allocations would otherwise have been terminated under this subdivision. For a tax incremental district created after March 3, 2016, the period during which a tax increment may be allocated under this subdivision shall be increased by one year if that district's project plan is adopted under sub. (4) (g) after September 30 and before May 15.

**SECTION 1u.** 66.1105 (7) (am) 2. of the statutes is amended to read:

66.1105 (7) (am) 2. Except as provided in subs. 4., 5., 6., 7., and 9., for a residential tax incremental district under sub. (21) or for a tax incremental district that is created after September 30, 2004, about which a finding is made under sub. (4) (gm) 4. a. that not less than 50 percent, by area, of the real property within the district is suitable for industrial sites or mixed-use development, 20 years after the district is created, except that the city that created the district may, subject to sub. (8) (e), request that the joint review board extend the life of the district for an additional 3 years. Along with its request for a 3-year extension, the city may provide the joint review board with an independent audit that demonstrates that the district is unable to pay off its project costs within the 20 years after the district is created. The joint review board may deny or approve a request to extend the life of the district for 3 years if the request does not include the independent audit, and the board shall approve a request to extend the life of the district for 3 years if the request includes the audit. If the joint review board extends the district's life, the district shall terminate at the earlier of the end of the extended period or the period specified in par. (a). For a tax incremental district created after March 3, 2016, the termination date for a district to which this subdivision applies shall either be increased by one year beyond the otherwise applicable termination date under this subdivision if that district's project plan is adopted under sub. (4) (g) after September 30 and before May 15, or shall be the period specified in par. (a), whichever is earlier.

**SECTION 2.** 66.1105 (21) of the statutes is created to read:

66.1105 (21) RESIDENTIAL TAX INCREMENTAL DISTRICTS. (a) A city may create a tax incremental district as a residential tax incremental district if all of the following apply:

1. The local legislative body adopts a resolution assigning a name to the district for identification purposes. The first district created under this subsection shall be known as "Residential Tax Incremental District Number One, City of ...." Each subsequently created residential tax incremental district shall be assigned the next consecutive number.

2. The local legislative body adopts a resolution finding all of the following:

a. The project plan complies with par. (b).  
b. All project costs are for expenditures authorized under par. (c).

c. All project costs will be paid directly under sub. (9) (a) 1. or financed by a developer.

d. The equalized value of taxable property of the residential tax incremental district plus the value increment of all existing residential tax incremental districts does not exceed 3 percent of the total equalized value of taxable property within the city.

3. The clerk of the local legislative body certifies the resolution under subd. 2. and forwards a copy of the certified resolution to the department of revenue and the joint review board.

4. The joint review board approves the creation of the tax incremental district as a residential tax incremental district.

5. The city establishes in the resolution under subd. 2. or by ordinance all of the following with regard to residential developments that meet the requirements under par. (b) within the district:

a. The maximum amount of development-related fees that may be charged by the city for a development.

b. The architectural and construction requirements that will apply to a development.

(b) All public works, improvements, and project costs included in the project plan for a residential tax incremental district shall be related to residential developments that satisfy all of the following:

1. The development consists entirely of single-family or 2-family residences that are owner-occupied.

2. The lot size of each single-family residence is less than 7,500 square feet.

3. The lot size of each 2-family residence is 12,500 square feet or less.

4. The lot width of each lot for a single-family residence is 70 feet or less.

4m. The lot width of each lot for a 2-family residence is 80 feet or less.

5. No side setback is greater than 10 feet.

6. No single-story residence is larger than 1,500 square feet.

7. No 2-story residence is larger than 2,000 square feet.

(c) Notwithstanding sub. (2) (f), project costs for a residential tax incremental district may include only costs, including financing costs, related to the construction or improvement of infrastructure necessary for residential developments within the district and professional service costs, imputed administrative costs, and organizational costs. Project costs for a residential tax incremental district may include costs related to

stormwater only to the extent that the costs are for improvements related to providing service to the entire residential tax incremental district and not to individual lots.

(d) 1. All project costs for a residential tax incremental district shall be paid directly under sub. (9) (a) 1. from tax increments generated by the residential tax incremental district or financed by a developer.

2. All payments made by a city to a developer for financing a residential tax incremental district shall be made under sub. (9) (a) 1.

(e) Notwithstanding sub. (4) (h) 1. and (4m) (b), with regard to a residential tax incremental district, a project plan may not be amended to increase the project costs of the district later than 10 years before the unextended termination date of the district except upon unanimous vote of the joint review board.

(f) Notwithstanding sub. (6) (d), (e), or (f), a residential tax incremental district may not become a donor district or receive tax increments from a donor district.

(g) None of the following apply to a residential tax incremental district:

1. Subsection (4) (gm) 3., 4. a. and bm., and 6.
2. The 12 percent limit described under sub. (4) (gm) 4. c.

(h) If the department of revenue determines that a local legislative body exceeds the limit described in par. (a) 2. d., the department shall notify the city of its non-compliance, in writing, not later than December 31 of the year in which the department receives the certified resolution as described in par. (a) 3. A local legislative body that receives a notification under this paragraph shall take one of the following actions:

1. Rescind its approval of the project plan resolution.
2. Not later than 30 days after receiving the notification, remove parcels from the district's boundaries so that the district complies with the limit described in par. (a) 2. d. and provide notice of the removal to the department. The removal of parcels under this subdivision may not substantially alter the district's project plan or the resolution approved under par. (a).

**SECTION 3. Effective date.**

- (1) This act takes effect on October 1, 2026.
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