

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 3845/1
INTRODUCTION # AB 576
Admin. Rule #

Subject
 Authorize Creation of Capital Improvement Funds by School Boards

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

Local: No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations
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Assumptions Used in Arriving at Fiscal Estimate:

Under current law, a tax incremental district (TID) created before October 1, 1995 must terminate after its project costs have been paid or 27 years after creation, whichever comes first. Once terminated, the value increment of the TID is returned to the tax base of the overlying jurisdictions which generally results in a lower property tax rate.

Under the bill, a school district could, by resolution of the school board, capture its share of tax increments of a TID that has terminated before the maximum number of years allowed under tax incremental financing (TIF) law. The bill would apply only to a TID with a value increment of \$300 million or more.

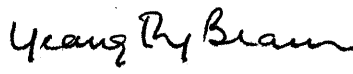
The Department is aware of one school district that could capture tax increments under the bill. It is the Kenosha School District due to a TID in the Village of Pleasant Prairie. TID #1 in the Village of Pleasant Prairie had a value increment of approximately \$330 million when it terminated in 1999 having paid all its project costs. The TID would have otherwise been required to terminate in 2015 given the maximum number of years allowed under TIF law.

Under the bill, the Kenosha School District could cause TID # 1 back into existence in order to capture its share of the tax increments generated by the \$330 million value increments. Using the 1998/99 Kenosha School District tax of \$9.86 per \$1,000 in value, the bill would allow the Kenosha School District to capture approximately \$3.3 million (.00986 x \$330 million) annually through 2015.

A portion of the school district's increments, as determined by resolution of the school board, would be put in a capital improvement fund to be used for acquiring and improving sites, building construction and remodeling, and other projects. Spending from the fund would not be considered part of "shared costs" for aid purposes, but would be exempt from revenue limits. Thus, the revenue limits of the School District of

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Rebecca Boldt, 266-6785	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 	Date 11/11/99
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Page 2

Kenosha could potentially be raised \$3.3 million annually under the bill. The amounts going to the capital improvement fund have the effect of raising the school property tax rate relative to current law. The portion of the school district's share of the tax increments that would not be put into the capital improvement fund would be used to reduce the school levy.

Under the bill, the Department would be required to determine value increments of TIDs that have terminated. This would require reconstructing the boundaries and values of terminated TIDs. Additional materials and local government assistance would be required to explain the changes and requirements under the bill. Programming changes would be required to calculate tax increments for school districts of terminated TIDs. These costs can be absorbed by the Department.

4EB 4/11/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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Subject

Authorize Creation of Capital Improvement Funds by School Boards

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ _____	\$ See text of fiscal note.

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