

**FISCAL ESTIMATE FORM**

**1999 Session**

**LRB # -3845/1**

ORIGINAL

UPDATED

**Introduction # Assembly Bill 576**

CORRECTED

SUPPLEMENTAL

**Admin. Rule #**

**Subject:**

Authorizing a school board to create a capital improvement fund and adjusting a school district's revenue limit .

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget  Yes  No

Increase Existing Appropriation

Increase Existing Revenues

Decrease Existing Appropriation

Decrease Existing Revenues

Decrease Costs

Create New Appropriation

Local:  No local government costs - indeterminable

- 1.  Increase Costs  
 Permissive  Mandatory
- 2.  Decrease Costs  
 Permissive  Mandatory

- 3.  Increase Revenues  
 Permissive  Mandatory
- 4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Governmental Units Affected:
- Towns  Villages  Cities
  - Counties  Others \_\_\_\_\_
  - School Districts  WTCS Districts

**Fund Sources Affected**

GPR  FED  PRO  PRS  SEG  SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

This bill authorizes a school board, by resolution, to create a capital improvement fund to finance capital improvements if a tax incremental district (TID) that is located in the school district is terminated before the maximum number of years that it could have existed and if the value increment exceeds \$300 million. In each year until the year in which the TID would have been required to terminate, the school board may deposit in the fund an amount equal to that portion of the school district's positive tax increment of the TID specified in the school board's resolution which shall be calculated by the department of revenue as if the TID has not been terminated. The bill also increases the school district's revenue limit in any school year by the amount deposited in the capital improvement fund in that school year.

**State Fiscal Effects:**

Under this bill, the state would not increase funding to maintain its commitment to fund two-thirds of partial school revenues because the amount of the revenue limit increase under the capital improvement fund would be reduced from partial school revenues.

**Local Fiscal Effects:**

Under current law, when a TIF is terminated, a school district's positive tax increment is used to reduce the levy that would otherwise have been imposed. Also, under current law, school districts' costs associated with capital improvement are included in its shared costs and thus are state aidable costs.

Under the bill, a school district would be authorized to deposit all or a portion of its positive tax increment into a capital improvement fund, and the district's revenue limit would be increased in each school year by this amount. The portion of the school district's positive tax increment that a school board would deposit, if any, in this fund is unknown; therefore, the specific fiscal effects of this bill are indeterminable. However, if a school board does deposit all or a portion of the positive tax increment into the capital improvement fund, the property tax levy would not be reduced to the level of current law. Furthermore, the bill excludes any expenditures from a capital improvement fund from shared cost: thus these costs are not aidable by the state.

**Long-Range Fiscal Implications:**

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**Date**

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