

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

LRB Number 03-1891/1		Introduction Number AB-287	
Subject Modify provision of the tax incremental financing law for the Village of Randolph			
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		Affected Ch. 20 Appropriations	
Agency/Prepared By DOR/ Rebecca Boldt (608) 266-6785		Authorized Signature Dennis Collier (608) 266-5773	Date 5/5/2003

Fiscal Estimate Narratives

DOR 5/5/2003

LRB Number	03-1891/1	Introduction Number	AB-287	Estimate Type	Original
Subject					
Modify provision of the tax incremental financing law for the Village of Randolph					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a city or village may create a tax incremental finance district (TID) so long as the total value of the TIDs in the municipality does not exceed specified value limits. In particular, a TID may be created if either 1) the base value of the proposed TID plus the equalized value of all existing TIDs (base value plus value increments) do not exceed 7%; or 2) the base value of the proposed TID plus the value increments of all existing TIDs do not exceed 5%.

TIDs created before October 1, 1995 have ten years to make public expenditures and may exist 20 years after the last expenditure is made but may not exist longer than 27 years. TIDs created after October 1, 1995 have seven years to make public expenditures and 16 years to recover project costs; these TIDs may not exist longer than 23 years.

Also under current law, a city or village with a TID may amend a TID in the first seven years to add territory to the TID. Amended TIDs are allowed three additional years to make expenditures. Current law does not impose the 5%/7% territorial limits when a TID is amended.

The bill would allow the Village of Randolph to amend a TID twice within 11 years after the TID is created; under the bill, an amended TID would have five years to make expenditures after the amendment. The bill would allow an amended TID to exist for 22 years after the last expenditure but could not exist longer than 38 years in total.

Currently, the Village of Randolph has two TIDs - TID #1 and TID #2. Both of these TIDs were created before October 1, 1995. Based on the Department's 2002 Valuation Limitation Report, the equalized value of these two TIDs in the Village of Randolph equal 26.1% of the total equalized value of the village; the equalized value increment of TID #1 plus the total equalized value of TID #2 equal 14.5% of the total equalized value of the village. Thus, the Village of Randolph currently exceeds both the 5% and 7% territorial limit imposed for the creation of TIDs. However, because current law does not impose territorial limits when a TID is amended, both TIDs can be amended to add territory.

The introductory language of the bill refers to TID #1 in the Village of Randolph; however, because the statutory changes do not include reference to a particular TID, it is assumed that the legislation could apply to all existing and future TIDs created by the Village of Randolph. As a result, the bill would allow TIDs in the Village of Randolph to have 4 additional years to make territorial amendments, 2 additional years to make project expenditures when a TID is amended, 2 additional years to recover project costs, and 11 additional years to exist than other amended TIDs created before October 1, 1995. Future TIDs that would be amended under the bill would have 4 additional years to make territorial amendments, 2 additional years to make project expenditures, 6 additional years to recover costs, and 15 additional years to exist than other amended TIDs created after October 1, 1995.

The bill would likely result in larger TIDs in the Village of Randolph; to the extent that additional project costs would be incurred, the bill would likely result in longer TID life. As a result, overlying taxing jurisdictions, such as the school district, county and vocational college, would be required to forego the tax base associated with the development within the TIDs for longer periods.

The bill would result in increased department costs associated with reviewing amendment documents and certification of new base values; these costs can be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
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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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	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		\$See text of fiscal note.	\$See text of fiscal note.
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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