

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-2981/3	Introduction Number AB-636
------------------------------------	--

Subject
 Modify provision of the tax incremental financing, TIF, law for the City of Sturgeon Bay

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues

 Yes No
 Create New Appropriations

 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input 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 Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
DOR/ Rebecca Boldt (608) 266-6785	Dennis Collier (608) 266-5773	11/17/2003

Fiscal Estimate Narratives

DOR 11/17/2003

LRB Number	03-2981/3	Introduction Number	AB-636	Estimate Type	Original
Subject					
Modify provision of the tax incremental financing, TIF, law for the City of Sturgeon Bay					

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 percentages of the total equalized value in the city or village. 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 City of Sturgeon Bay to amend TID #2 twice to add territory that is contiguous to the TID and is served by public works or improvements that were created as part of the TID project plan. Under the bill, TID #2 would have five years to make expenditures after the amendment. The bill would allow TID #2 to expend on project costs for 15 years and to exist for 14 years after the last expenditure. Thus, the TID would have a maximum life of 29 years. Because TID #2 was created in 1994, it can expend for 10 years and exist for no more than 27 years. Thus, the bill would allow the TID five additional years for expenditure and two additional years to recover costs.

The City of Sturgeon Bay 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, TID #2 can be amended to add territory.

The bill would likely increase the size of TID #2 in the City of Sturgeon Bay. To the extent that additional project costs would be incurred, the bill would likely result in longer life for this TID. As a result, overlying taxing jurisdictions, such as the school district, county and vocational college district, 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

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-2981/3		Introduction Number AB-636	
Subject			
Modify provision of the tax incremental financing, TIF, law for the City of Sturgeon Bay			
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, ets.)			
		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.
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By			
DOR/ Rebecca Boldt (608) 266-6785		Authorized Signature	
		Dennis Collier (608) 266-5773	
			Date
			11/17/2003