

Fiscal Estimate Narratives

DOR 4/12/2006

LRB Number	05-4871/1	Introduction Number	SB-677	Estimate Type	Original
Description The failure to publish certain notices relating to the creation, or attempted creation, of a tax incremental financing district in the village of Kimberly					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, when a city or village creates a tax incremental financing (TIF) district, the city or village must fulfill certain steps. These steps include a public hearing to allow interested parties an opportunity to express their views on the proposed TIF project. The municipality is required to publish a class 2 notice of the hearing.

In April 2005, the Village of Kimberly adopted a resolution to create a TIF district. The required notice for the public hearing, however, was not published. Because the village did not fulfill this statutory requirement, the Department of Revenue (DOR) notified the village that its application to create the TIF district and establish a base value could not be approved.

SB 677 creates an exception to the publication requirement for this proposed TIF district in the Village of Kimberly. The bill directs the Department of Revenue to determine the base value of the district, allocate tax increments, and treat the district in all other respects as if the publication requirement had been complied with and as if the district was created on January 1, 2005.

Assuming that in absence of the bill, the Village of Kimberly would still create the district, the bill will allow the TIF district to pay off its project costs sooner because the district's base value will be established at the lower property values that existed prior to the start of the district's redevelopment. This will provide higher value increments and improve the feasibility of the project.

A lower base value will reduce the available tax base of overlying taxing jurisdictions until the district closes.

There is no state fiscal effect.

Long-Range Fiscal Implications