

## Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-4113/1</b>	<b>Introduction Number</b> <b>AB-896</b>
<b>Description</b> Expanding the maximum life and expenditure period for environmental remediation tax incremental financing districts	
<b>Fiscal Effect</b>	
<b>State:</b>	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues  <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
<b>Local:</b>	
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
<b>Affected Ch. 20 Appropriations</b>	
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DNR/ Joe Polasek (608) 266-2794	Joe Polasek (608) 266-2794
<b>Date</b>	
1/9/2006	

## Fiscal Estimate Narratives

DNR 1/10/2006

LRB Number	<b>05-4113/1</b>	Introduction Number	<b>AB-896</b>	Estimate Type	<b>Original</b>
<b>Description</b> Expanding the maximum life and expenditure period for environmental remediation tax incremental financing districts					

### Assumptions Used in Arriving at Fiscal Estimate

#### Bill Summary:

This bill modifies the existing statute relating to environmental remediation tax incremental financing districts (ERTIFs). These districts may be established by a political subdivision to reimburse a political subdivision for eligible costs incurred in purchasing, investigating, and cleaning up a brownfields (i.e., contaminated property). The eligible costs and future tax increment will vary greatly depending on the contamination levels and type of development. This bill increases the current maximum life of the ERTIF from 16 years to 27 years. The bill also increases the current time limit of expenditures for an eligible cost made by a political subdivision from 15 years to 20 years after the base is certified by DOR. This bill takes effect on October 1, 2006.

This provision is a tool that has been used at less than a dozen communities across the state. One of the concerns of political subdivisions has been the relatively short period of time that is available to generate the increased property tax increment to be used to reimburse the community for eligible costs. The uncertainty by political subdivisions regarding whether the ERTIF would duly generate enough revenue may have kept some communities from moving forward with an ERTIF, or even a brownfields redevelopment project.

#### Fiscal Estimate:

The bill increases the maximum period of certification and expenditure for ERTIFs - providing a greater opportunity to create revenue to offset expenditures. The Department assumes that this bill neither increases nor decreases state and local expenditures or revenues. It simply provides certain political subdivisions with a more lengthy mechanism with which to generate revenue in order to reimburse the political subdivision for eligible costs at a brownfields site. Given the unpredictable nature of environmental costs and the use of ERTIFS, the fiscal effect is best represented as "indeterminate".

### Long-Range Fiscal Implications

The long-range fiscal implication is indeterminate, as the DNR has no data to estimate the number of ERTIFs, nor does the DNR have the data to determine the revenues or expenditures associated with increasing the maximum allowable certification and expenditure period.

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated     
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<b>LRB Number</b> 05-4113/1		<b>Introduction Number</b> AB-896	
<b>Description</b> Expanding the maximum life and expenditure period for environmental remediation tax incremental financing districts			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  Indeterminate			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DNR/ Joe Polasek (608) 266-2794		Joe Polasek (608) 266-2794	
		<b>Date</b>	
		1/9/2006	