



**Fiscal Estimate Narratives**  
**DOR 2/13/2006**

LRB Number	<b>05-4532/1</b>	Introduction Number	<b>AB-999</b>	Estimate Type	<b>Original</b>
<b>Description</b> Identification and cleanup of properties that are environmentally contaminated; properties with residual contamination; modifying the environmental remediation tax incremental financing program; exempting local governmental units from solid waste management standards with respect to certain properties; the liability of certain persons for environmental contamination on property on which a cleanup has been conducted; and granting rule-making authority					

**Assumptions Used in Arriving at Fiscal Estimate**

The bill makes changes related to residual contamination after cleanup, local government exemption from solid waste management standards, voluntary party liability exemption, and environmental remediation tax incremental financing (TIF) districts.

**BROWNFIELD CLEANUP**

1. The bill authorizes the Department of Natural Resources (DNR), the Department of Commerce (DOC), and the Department of Agriculture, Trade, and Consumer Protection (DATCP) to impose requirements as a condition of approving a cleanup if only minor contamination remains on the site. DNR is required to maintain a database of such sites and make it public.
2. Under current law, local government units are exempt from clean-up requirements on properties acquired in specified ways, such as tax delinquency proceedings and condemnation. Under the bill, local government units are exempt from solid waste management standards for properties that would qualify for a clean-up requirement exemption.
3. Under current law, a voluntary party who applies for a liability exemption is exempt from certain requirements to restore the environment. Under the bill, the voluntary party liability exemption is made available for most solid waste sites except those that were once licensed by DNR.

The Department of Revenue (DOR) does not have data to estimate the fiscal impact of the above listed changes.

**ER TIF**

Under current law, the maximum life of an environmental remediation tax incremental financing (ER TIF) district is 16 years. Expenditures for eligible costs are allowed for 15 years. Under the bill, the maximum life of an ER TIF district is extended to 23 years, but the expenditure period is retained. This provision applies to existing and newly created ER TIF districts.

In addition, the bill makes technical changes to ER TIF districts. The bill:

- creates definitions of "environmental remediation tax incremental district," "environmental remediation tax incremental base," "environmental remediation value increment," "period of certification," and "project expenditure," that are similar to definitions of city and village TIF district definitions;
- expands "eligible cost" to include cancellation of delinquent property taxes;
- requires an ER TIF district creation resolution, including a boundary description, to be submitted to DOR under the regular TIF deadline cycle;
- creates termination procedures for ER TIF districts;
- prohibits DOR from certifying the base of any new ER TIF district if required forms are not submitted within 180 days after the termination of an old district;
- requires a final report prepared for a district to include an independent certified financial audit;
- requires that the final accounting of project expenditures and final amount of eligible costs be provided to DOR;
- modifies provisions regarding property parcels in the ER TIF district to include contiguous parcels;
- authorizes DOR to charge a \$1,000 fee to determine or redetermine the base of the ER TIF district;
- modifies the property tax settlement process to include and distribute the proper amounts of property taxes collected in ER TIF districts.

The bill would clarify the technical aspects of ER TIF law and, therefore, may encourage the use of an ER TIF as a development tool.

The Department of Revenue's administrative expenses under the bill can be absorbed. While the \$1,000 fee to determine or redetermine the base of an ER TIF district will provide program revenue to support DOR operations, no appropriation change is included in the bill.

### **Long-Range Fiscal Implications**