

Fiscal Estimate Narratives

DOR 3/31/2005

LRB Number	05-2065/3	Introduction Number	SB-124	Estimate Type	Original
Subject					
Allow cities to create tax incremental financing districts (TIDs) in certain towns					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a town may create a tax incremental financing district (TID) under limited circumstances.

Under the bill, a town would be allowed to use city powers to create a TID if the town has entered into a cooperative plan with a city or village, under which the town or part of a town will be annexed by the city or village in a future. The annexing city or village would be required to approve the creation of the town TID.

Local Fiscal Effect

The bill would give town officials more flexibility in creating and amending TIDs, which is expected to increase the number of TIDs created or amended. Data are not available to estimate reliably the changes in property values and taxes or local government costs that may result from the changes.

State Fiscal Effect

The Department estimates that several new TIDs may be created or amended under the bill. For each new or amended TID, the Department reviews the TIF project plan, the required local resolutions, the district boundary descriptions, and parcel lists. The Department is also required to annually determine the value of increments. In addition, the bill would require revision to training and application materials related to new provision in the bill. Additional staff and resources may be required to administer the changes if the bill results in a substantial increase in TIF activity. A \$1,000 filing fee is imposed for each TIF filing which provides program revenue for TIF administration.

Long-Range Fiscal Implications