

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-0619/2</b>	<b>Introduction Number</b> <b>AB-0019</b>
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**Description**  
 The filing of certain forms related to tax incremental financing district number 3 in the village of Edgar

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Decrease Costs
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Appropriations	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs		
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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

<b>Agency/Prepared By</b> DOR/ Pamela Walgren (608) 266-7817	<b>Authorized Signature</b> Paul Ziegler (608) 266-5773	<b>Date</b> 1/23/2007
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## Fiscal Estimate Narratives

DOR 1/23/2007

LRB Number	07-0619/2	Introduction Number	AB-0019	Estimate Type	Original
<b>Description</b> The filing of certain forms related to tax incremental financing district number 3 in the village of Edgar					

### Assumptions Used in Arriving at Fiscal Estimate

Tax Incremental Finance (TIF) is a financing tool available under current law to cities, villages, and, to a limited extent, towns to encourage economic development that would not occur without some public assistance. When a TIF district is created, the current property value in the district is set as the "base value." Improvements and development that occur after the TIF district is created lead to increases in its value over the base value (the increase is referred to as the value increment). The property taxes levied by all local taxing jurisdictions (i.e. the municipality, county, school district, technical college and any special districts) on the value increment are used to pay for the project costs needed for the development to occur. The tax on the base value continues to go to the taxing jurisdictions that levy the tax. After a TIF district terminates, the taxes paid by property owners within the district – on both the base value and value increment – are shared by all taxing jurisdictions.

Under current law, a city or village must follow certain procedures within certain time frames to create a TIF, including holding public hearings, obtaining approval of a proposed plan by the local legislative body, and adoption of a resolution creating the TIF district as of a certain date. Certain forms and an application must be submitted to the Department of Revenue on or before December 31 of the year in which the district is created. Districts created after October 1 of a given year are considered created in the following year so that the Department has time to process the application and certify values. The Department is responsible for certifying the base value when a district is created and the value increment each year thereafter until the district is terminated.

The local legislative body of the Village of Edgar adopted a resolution on October 11, 2004 to create a TIF district in 2005. The Village did not inform the Department that it had created the district and failed to submit the required forms and application by the December 31, 2005 due date. Instead, the application was received by the Department on June 28th, 2006.

Under the bill, if the required forms and application for a TIF district in the Village of Edgar were sent to the Department on or before December 31, 2006, for a TIF district created, or attempted to be created, by the village based on actions taken in October of 2004, they will be treated as timely sent on or before December 31, 2005. However, the Department may not certify any value increment in the district before 2007.

As a result, the TIF district's base value would be determined using 2005 equalized values rather than 2006 equalized values. It is anticipated that this would result in a lower base value and a higher value increment for the district. Information is not available to determine the value increment that would occur over the life of the district. As such, an estimate of the tax base that would be unavailable to the overlying taxing jurisdictions during the life of the TIF district is not available.

Department administrative costs will be absorbed within existing budget authority.

### Long-Range Fiscal Implications