

Fiscal Estimate Narratives
DOR 1/2/2008

LRB Number	07-3624/1	Introduction Number	AB-0621	Estimate Type	Original
Description The filing of certain forms related to tax incremental financing district number 6 in the city of Rhinelander					

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 district is created lead to increases in its value over the base value (the increase is referred to as the increment value). 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 increments – are shared by all taxing jurisdictions.

Under current law, a city or village must follow certain procedures within certain time frames to create or amend a TIF district, including holding public hearings, obtaining approval of a proposed plan by the local legislative body, adopting a resolution creating or amending the TIF district as of a certain date, and submitting an application to the Department of Revenue by December 31 in the year the tax incremental district is created or amended.

The Department is responsible for certifying the base value when a district is created or redetermining the base value when territory is added. The Department also certifies the value increment each year thereafter until the district is terminated.

The bill creates a special exception from the current law procedures for a territory amendment to TIF district #6 in the City of Rhinelander. The City of Rhinelander attempted to amend district #6 in 2006, but failed to comply with all the requirements for amending a district. Although the amendment resolution for the district was adopted by the local legislative body in April, 2006, the City did not inform the Department that it had amended the district and failed to submit the required application to the Department by December 31, 2006.

The bill specifies that if the City submits the required forms and if a territory amendment application for TIF district #6 is received by the Department by December 31, 2007, the Department would be required to proceed with the amendment as if the forms had been timely filed in 2006. However, no value increment regarding the territory amendment could be certified before 2008.

Under the bill, the TIF district's base value would be redetermined using 2006 equalized values rather than 2007 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.

Long-Range Fiscal Implications