

Fiscal Estimate Narratives
DOR 2/4/2008

LRB Number 07-3884/1	Introduction Number SB-417	Estimate Type Original
Description Relating to: increasing the allowable number of project plan amendments for tax incremental district number 2 in the village of Pleasant Prairie.		

Assumptions Used in Arriving at Fiscal Estimate

The tax incremental finance (TIF) law permits cities, villages, and, to a limited extent, towns to finance certain public improvements needed to encourage economic development. When a TIF district is created, the equalized value of the taxable property in the district is set as the "base value". Over time, as the TIF district develops, the equalized value of the district will change. To the extent that the current value is greater than the "base value", the positive difference is referred to as the "value increment". The property taxes levied by all local taxing jurisdictions (municipality, county, school district, technical college, and special districts) on the "value increment", are retained by the municipality. These funds are used to repay the costs of developing the TIF district. In general, once the TIF district development costs are repaid, the municipality terminates the TIF district. After termination, the property taxes on property in the former TIF district are shared with the overlying taxing jurisdictions in full in the same manner as non-TIF property taxes are shared.

A municipality must follow certain procedures when creating a TIF, including establishing a TIF district project plan, holding public hearings, obtaining approval by a review board composed of various local officials, and adoption of a resolution creating the TIF district as of a certain date.

Under current law, a municipality is permitted to amend the TIF district project plan by adding or subtracting territory up to four times during the TIF district's existence.

Under the bill, with regard to TIF District #2 in the Village of Pleasant Prairie, the Village would be permitted to amend the project plan by adding or subtracting territory up to six times during the TIF district's existence.

At the current time, the project plan for the Village of Pleasant Prairie TIF District #2 has been amended once to add territory. The Department of Revenue does not have information concerning how many additional amendments the Village will implement. It is therefore not possible to project how the incremental value of the affected TIF district could be affected by the bill. However, to the degree additional territorial amendments to the TIF increase the district's lifespan, overlying taxing jurisdictions will not receive the property taxes levied upon the district's value increment for a longer period of time.

The Department of Revenue's administrative costs under the bill are expected to be absorbed within existing budget authority.

Long-Range Fiscal Implications