

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

|                             |                                    |
|-----------------------------|------------------------------------|
| LRB Number <b>15-2025/1</b> | Introduction Number <b>AB-0134</b> |
|-----------------------------|------------------------------------|

**Description**  
 Tax incremental financing project plan amendments and extending the life of a tax incremental district if the district is adversely impacted by statutory changes to the method of calculating equalized valuation

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
 Increase Existing Appropriations     
  Increase Existing Revenues     
  Increase Costs - May be possible to absorb within agency's budget  
 Decrease Existing Appropriations     
  Decrease Existing Revenues     
   
  Yes       No  
 Create New Appropriations     
   
  Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

|  |  |   |
|--|--|---|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected<br><input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenue<br><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>          | <b>Authorized Signature</b>   | <b>Date</b> |
| DOR/ Robert Schmidt (608) 266-5773 | Robert Schmidt (608) 266-5773 | 3/30/2015   |

## Fiscal Estimate Narratives

DOR 3/30/2015

|  |           |                     |         |               |          |
|--|-----------|---------------------|---------|---------------|----------|
| LRB Number   | 15-2025/1 | Introduction Number | AB-0134 | Estimate Type | Original |
| <b>Description</b><br>Tax incremental financing project plan amendments and extending the life of a tax incremental district if the district is adversely impacted by statutory changes to the method of calculating equalized valuation |           |                     |         |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

The bill affects the statutes on the maximum allowable life span of tax incremental financing (TIF) districts.

Each municipality with a TIF district has a joint review board (JRB) to assist in administering the TIF. The JRB can amend a TIF district's plan an unlimited number of times; however, it can only make up to 4 changes in the TIF district's boundaries. The JRB may extend the life of certain TIF districts at the request of the municipal board. The maximum number of years a TIF district can exist and the number of years a JRB may extend the life of a TIF are noted below:

1 – For a TIF district before October 1, 1995: The maximum lifespan is 27 years and no lifespan extension is allowed.

2 – For a TIF district created between October 1, 1995 and September 30, 2004: If the district is for remediating blight or rehabilitation or conservation, the maximum lifespan is 27 years and one 4 year lifespan extension is allowed. If the district is for industrial development, the maximum lifespan is 23 years and no lifespan extension is allowed.

3 – For a TIF district created on or after October 1, 2004: If the district is for remediating blight or rehabilitation or conservation, the maximum lifespan is 27 years and one 3 year lifespan extension is allowed. If the district is for industrial or mixed-use development, the maximum lifespan is 20 years and one 3 year lifespan extension is allowed

For all TIF districts, the bill allows a JRB to make an unlimited number of changes to a TIF district's borders and to permit one 5 year lifespan extension (in addition to current extensions) if the municipal board adopts a resolution finding that incremental levies over a TIF district's lifespan have been adversely impacted by (1) an amendment to the TIF statutes, (2) any change in how the Department of Revenue (DOR) calculates equalized values, or (3) the increase in state aid to technical college districts under 2013 Wisconsin Act 145.

2013 Wisconsin Act 145 increased state aid to technical college districts by \$406 million, distributed to each district based on its taxable equalized value. For the 2014/15 tax year, this reduced each district's tax rate by about \$0.875 per \$1,000 equalized value. For the 2014/15 tax year, the total incremental value of the state's TIF districts was about \$15.2 billion. The aid increase therefore reduced total tax incremental levies by \$13.3 million (\$15.2 billion X 0.875 mills), or about 3.5%.

All 975 TIF district that generated an incremental levy in the 2014/15 experienced a reduction in that levy. If the aid increase is not rescinded, future years' tax increments for all districts that generate an incremental levy will also be lower than if the aid had not been increased. Every municipality with a TIF district that is generating an incremental levy would therefore have the potential to enact the resolution permitted under the bill and avail themselves of the law changes the bill permits. The actual number of municipalities that would enact the resolution is unknown at this time.

The bill increases DOR administrative costs, primarily as a result of the additional boundary amendments the bill permits. The increased costs can be absorbed in current budgetary allocations.

### Long-Range Fiscal Implications