

Fiscal Estimate Narratives

DOR 2/4/2016

LRB Number	15-3756/1	Introduction Number	AB-0863	Estimate Type	Original
Description Lengthening the time during which tax increments may be allocated and expenditures for project costs may be made for Tax Incremental District Number 3 in the city of Middleton					

Assumptions Used in Arriving at Fiscal Estimate

Tax Incremental District (TID) Number 3 in the city of Middleton was created in September 1993. According to the initial project plan, the scope of the TID projects broadly consisted of comprehensive infrastructure development, the full development of land within the district, and the creation of "job park" districts in the metropolitan area. The TID territory was divided into five major districts: 1) Stormwater Management District; 2) Greenway Center District; 3) Downtown District; 4) Airport Road District; and 5) Existing Highway 12 District.

The total project cost was estimated to be approximately \$15.81 million, according to the TID's initial project plan. The maximum life for the TID was 27 years. The municipality revised the total project cost estimate twice in the past, to \$24.09 million in 1997 and to \$67.91 million in 2002. In addition, the TID went through territorial amendments five times in the past (see attached worksheet), including an amendment made in 2015 to subtract territory from the TID. 2011-12 Wisconsin Act 139 extended the TID's life from 27 to 37 years (until 2030) and spending period to 32 years (until 2025). The Act also permits the TID a total of seven, instead of four, project plan amendments to alter the TID boundaries.

The bill extends the maximum life for TID Number 3 to 47 years (until 2040), and allows the TID to make expenditures for up to 42 years (until 2035).

According to the TID's project plans and other documents related to the amendments submitted to the Department of Revenue (DOR) as well as DOR's database, the TID had generated sufficient tax revenues from the TID's value increments to pay off all the project costs by 2010. The cumulative tax increments reached approximately \$70.26 million in nominal terms in the same year (see attached worksheet). In 2015, the TID generated approximately \$9.06 million in tax increment. In general, a TID is expected to terminate once all the project costs have been paid off, so that the taxpayers within the municipality and other relevant taxing jurisdictions would start benefiting from the increased property tax revenues. The sharing of the additional property tax base as a result of TID termination would effectively lower the property tax rates for the taxpayers within the taxing jurisdictions. The bill allows the city of Middleton to postpone the TID's termination and to further invest the TID's tax increments in the expansion of the current projects or new developments within the territory by sustaining the TID for a longer period.

The bill has no state fiscal impact.

Long-Range Fiscal Implications

City of Middleton: Tax Incremental District Number 3

Base Year	1993
Original Life	2020 (27 Yrs.)
Revised Life (2012)	2030 (37 yrs.)
Original Project Costs (1993)	\$15.805 million

Year	Base Value	Current Value	Increment Value	Gross Property Tax Rate (TIF-IN)*	Tax Increment**	% Change (Tax Increment)	Cumulative Tax Increment (Nominal)	Amendments	Revised Total Project Cost Estimate (Nominal)
1994	\$36,805,500	\$39,178,800	\$2,373,300	2.7842%	\$66,078		\$66,078		
1995	\$36,805,500	\$56,945,200	\$20,139,700	2.6866%	\$541,067	718.83%	\$607,145		
1996	\$36,805,500	\$66,308,700	\$29,503,200	2.4298%	\$716,859	32.49%	\$1,324,005		
1997	\$36,805,500	\$89,403,600	\$52,598,100	2.3213%	\$1,220,952	70.32%	\$2,544,957	Project plan	\$24,093 million
1998	\$36,805,500	\$96,208,800	\$59,403,300	2.2695%	\$1,348,178	10.42%	\$3,893,135		
1999	\$36,805,500	\$112,613,800	\$75,808,300	1.9199%	\$1,455,417	7.95%	\$5,348,552	Territory(Addition)	
2000	\$65,361,200	\$163,561,900	\$98,200,700	2.1678%	\$2,128,821	46.27%	\$7,477,373		
2001	\$65,361,200	\$201,545,400	\$136,184,200	1.7472%	\$2,379,431	11.77%	\$9,856,804		
2002	\$65,361,200	\$239,762,800	\$174,401,600	2.0739%	\$3,616,925	52.01%	\$13,473,729	Project plan	\$67,914 million
2003	\$65,361,200	\$277,998,300	\$212,637,100	2.0754%	\$4,412,982	22.01%	\$17,886,711		
2004	\$65,361,200	\$368,609,500	\$303,248,300	1.9640%	\$5,955,807	34.96%	\$23,842,518		
2005	\$65,361,200	\$506,047,100	\$440,685,900	1.7912%	\$7,893,581	32.54%	\$31,736,099		
2006	\$65,361,200	\$540,652,800	\$475,291,600	1.7428%	\$8,283,515	4.94%	\$40,019,614	Territory (Subtraction)	
2007	\$64,943,900	\$611,619,100	\$546,675,200	1.7438%	\$9,532,654	15.08%	\$49,552,268	Project Plan	
2008	\$64,943,900	\$299,267,300	\$234,323,400	1.7408%	\$4,079,004	-57.21%	\$53,631,272		
2009	\$64,943,900	\$508,376,800	\$443,432,900	1.8855%	\$8,360,808	104.97%	\$61,992,080	Territory (Subtraction)	
2010	\$64,707,600	\$474,081,200	\$409,373,600	2.0183%	\$8,262,469	-1.18%	\$70,254,549		
2011	\$64,707,600	\$332,746,200	\$268,038,600	2.0614%	\$5,525,399	-33.13%	\$75,779,948	Territory (Subtraction)	
2012	\$63,401,800	\$462,018,500	\$398,616,700	2.1604%	\$8,611,781	55.86%	\$84,391,729	Project Plan	
2013	\$63,401,800	\$413,704,800	\$350,303,000	2.2335%	\$7,824,129	-9.15%	\$92,215,859		
2014	\$63,401,800	\$455,880,600	\$392,478,800	2.2147%	\$8,692,043	11.09%	\$100,907,901		
2015	\$63,401,800	\$472,440,600	\$409,038,800	2.2142%	\$9,056,878	4.20%	\$109,964,779	Territory (Subtraction)	

Average (Compound) Annual Growth Rate (Tax increment; 1994-2015) 27.89%

*State foreclosure tax is excluded.

**Calculated based on the city of Middleton's gross tax rate.