

Fiscal Estimate - 2019 Session

Original Updated Corrected Supplemental

LRB Number **19-3263/1** Introduction Number **SB-269**

Description
 tax increment value reporting errors and property tax reimbursement

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. Increase Costs 3. Increase Revenue 5. Types of Local Government Units Affected

Permissive Mandatory Permissive Mandatory Towns Village Cities
 Decrease Costs 4. Decrease Revenue Counties Others
 Permissive Mandatory Permissive Mandatory School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

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Fiscal Estimate Narratives

DOR 6/12/2019

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Description tax increment value reporting errors and property tax reimbursement					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, value increment is created when the tax incremental district (TID) value exceeds the base value. The tax increment collections are placed in a special TID fund that may only be used to cover specific project costs. Under the bill, for 2018 property values, if a city or village erroneously reports a higher value increment for its TIDs by an aggregate amount of at least \$50 million, the city or village may transfer the excess tax increment collections to the city or villages general fund to reimburse taxpayers for the higher property tax rates resulting from the error.

The City of Verona originally reported incorrect 2018 values (locally assessed) of \$54,375,000 for TID 8 and \$45,138,000 for TID 6; the correct values should have been \$5,426,700 and \$39,828,900 respectively. The error resulted in an aggregate value reduction of \$56,261,600 (\$49,957,900 for TID 8 and \$6,303,700 for TID 6). Under the bill, the City of Verona can transfer an estimated \$1,219,100 million to reimburse taxpayers for the reporting error.

The bill does not impact the revenue of other TIDs.

Long-Range Fiscal Implications