



## Fiscal Estimate Narratives

DOR 2/13/2020

LRB Number	<b>19-5448/1</b>	Introduction Number	<b>SB-811</b>	Estimate Type	<b>Original</b>
<b>Description</b> making changes related to mixed-use tax incremental financing districts, increasing the amount of time a city or village may extend the life of a tax incremental district to improve its affordable and workforce housing, allowing a reduction in the amount of certain impact fees, and authorizing local units of government to implement workforce housing initiatives					

### Assumptions Used in Arriving at Fiscal Estimate

The bill authorizes workforce housing initiatives and makes changes that affect tax incremental districts (TID) and state housing grants. The bill defines workforce housing, changes the definition of a mixed-use development TID, increases the maximum years a city or village may extend the life of a TID to improve its affordable and workforce housing, requires a TID's project plan to contain alternative economic projections, and changes the methods of imposing certain impact fees.

Current law allows a mixed-use development TID to contain 35 percent, by area, of newly platted residential use real property. Under the bill, a mixed-use development TID could contain 60 percent, by area, if the newly platted residential use that exceeds 35 percent is used solely for workforce housing. Allowing a higher residential use in a TID could result in higher costs for overlying taxing jurisdictions with an indeterminate fiscal effect.

After paying for aggregate project costs, current law allows a village or city to improve affordable housing by extending the life of TID by 1 year. Under the bill, a city or village may extend a TID life for 3 years. On average, since 2010, approximately 6 TIDs per-year use the affordable housing extension. In 2019, 19 TIDs used the affordable housing extension. Based on 2018 TID annual report data, the 19 TIDs generated approximately \$6.8 million in increment revenue. Under the bill, an additional \$13.6 million could be used for workforce housing. By extending the TID life, the bill shifts funding from overlying taxing jurisdictions by an additional two years.

The department estimates one-time administrative costs at \$20,000 for software changes; the additional costs cannot be absorbed within the agency's budget.

The bill does not affect increment revenues for existing TID districts.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  \$20,000		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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