

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
- CORRECTED SUPPLEMENTAL

LRB # 99-3187/1	
INTRODUCTION # SB 408	
Admin. Rule #	

Subject
 Create Exceptions to Tax Incremental Finance Law for Oak Creek Tax Incremental District

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		<input type="checkbox"/> Decrease Costs

Local: No Local Government Costs

1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S	

Assumptions Used in Arriving at Fiscal Estimate:

Tax incremental financing (TIF) is a financing method that allows a municipality to recover the cost of certain public improvements made in a tax incremental district (TID) by retaining the property taxes levied on the increased value of an improved property, including the taxes levied by the school, vocational college and county overlying the TID. Thus, the overlying jurisdictions forego the additional tax base resulting from the TID development until the TID has terminated. However, to the extent that the project would not have occurred without the use of TIF, delayed benefits are preferable to no benefits at all. In this sense, TIF is viewed as a financing tool of the last resort, i.e. a tool to be used to finance development that would only occur with the use of TIF.

Under current law, a TID may be created only if at least 50% of the area to be included in the TID is blighted or in need of rehabilitation or is suitable for industrial development. Current law also prohibits TIF tax increments from being used to pay expenditures made for newly platted residential development. These requirements are, in part, imposed to insure that TIF is not used to finance development that would have occurred without the use of TIF.

Also under current law, no more than the 25% of the area in a TID can include property that stood vacant for 7 years prior to the TID's creation. This provision was recommended by the Legislative Audit Bureau in order to limit a municipality's ability to create a TID for the purpose of taking advantage of development that would have occurred without TIF.

The bill creates 3 major exceptions to TIF law for a TID created by the City of Oak Creek on or before January 1, 2002 that would allow the TID to pay for project costs related to residential and commercial development near a golf course being developed within Bender Park. First, the area included in this TID would not have to meet the requirement that at least 50% of the area be blighted, in need of rehabilitation or

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Rebecca Boldt, 266-6785	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	2/29/00

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suitable for industrial development. Second, more than 25% of the area of this TID could be comprised of land that was vacant for 7 years prior to the TID's creation. Third, the bill would allow the TID to incur project costs related to residential development.

Project costs allowed under the bill could include infrastructure to provide water, sewer, streets, sidewalks, lights and storm sewers. If the proposed development would occur without TIF, these expenditures would likely be paid by special assessments levied only on the property receiving the benefit of these improvements or by the developer and included in the price of the property. Under the bill, however, the costs of the public improvements would be shifted from the developers of the TID and their buyers to all property taxpayers in the municipality and the taxing jurisdictions overlying the municipality.

Thus, owners of property in the municipality and the taxing jurisdictions overlying the municipality would pay higher property taxes for the proposed development under the bill than if it occurred without the bill.

The bill would have minor state fiscal effects.

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FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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Subject

Create Exceptions to Tax Incremental Finance Law for Oak Creek Tax Incremental District

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):


II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS	\$ _____	\$ See text of fiscal note.
NET CHANGE IN REVENUES	\$ _____	\$ _____

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Rebecca Boldt, 266-6785	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 	Date 2/29/00
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