

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4468/1
INTRODUCTION # SB 464
Admin. Rule #

Subject
Limit Use of TIF to Blighted Areas

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 checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input checked="" 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 | | |
- Decrease Costs

Local: No Local Government Costs

- | | | |
|--|---|---|
| 1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease 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 checked="" type="checkbox"/> WTCS Districts |
|--|---|---|

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

To create a tax incremental financing district (TID) under current law, 50% or more of the land area in the TID must be blighted or in need of rehabilitation and no more than 25% of the land can be vacant for the 7 years preceding the TID creation. However, if the area is suitable for industrial use, neither test applies.

The bill would limit the conditions under which a municipality could create a TID. Under the bill, land that is suitable for industrial use would no longer be a qualifying criterion. The bill eliminates the restriction that no more than 25% of the land in a TID can be vacant for 7 years preceding the TID creation. However, the bill prohibits agricultural and forest land to be included in a TID. While the bill does not prohibit the use of tax incremental financing for industrial purposes, industrial TIDs must meet the land restrictions for blighted and rehabilitation TIDs.

According to the 1995-98 Report on Tax Incremental Financing by the Department of Commerce, of the 251 TIDs created in the 1995-98 period, 78 TIDs or 31% were for non-industrial purposes, and 173 or 69% had industrial development as at least one component of the TID project.

Many industrial TIDs under current law do not meet the 50% standard for land area that is blighted or in need of rehabilitation, so the bill would likely result in significantly fewer TIDs created. To the extent that the industrial properties would be developed in the absence of tax incremental financing (TIF), the municipality would have to incur all or a portion of the costs for needed public improvements. On the other hand, to the extent that the industrial properties would not be developed without TIF, the bill would reduce future growth in the tax base for all affected taxing jurisdictions.

(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 (608) 266-2700 <i>Yeang Eng Braun</i> | 3/21/00 |

Since TIDs created for blight elimination and rehabilitation tend to exist longer than industrial-purpose TIDs, the average life of TIDs created under the bill is expected to be longer than the 11.5 year average life under current law.

The department would incur costs related to programming changes and to revisions to informational material and prescribed forms required under the bill. Those costs could be absorbed.

4468 3/21/00

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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INTRODUCTION # SB 464

Subject
Limit Use of TIF to Blighted Areas

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: | |
|--|---|-----------------------|
| | Increased Costs | Decreased Costs |
| A. State Costs by Category | | |
| 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 | | |
| 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 \$ _____

\$ See text of fiscal note

| | | |
|--|--|---------|
| Agency/Prepared by: (Name & Phone No.) | Authorized Signature/Telephone No. | Date |
| Wisconsin Department of Revenue | Yeang-Eng Braun <i>Yeang Eng Braun</i> | 3/21/00 |
| Rebecca Boldt, 266-6785 | (608) 266-2700 | |