

Fiscal Estimate Narratives

COMM 11/26/01

LRB Number 01-4194/1	Introduction Number SB-311	Estimate Type Original
Subject Limiting the uses of tax incremental financing		

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes to the tax incremental finance law.

State:

The Department of Commerce does not regulate or implement tax incremental finance (TIF) program activity. The Department is required to prepare a biennial report on activity of TIFs. The Department will have to identify the modifications, track them, and summarize in the biennial report how these changes affect TIF activity. Integrating the changes in TIF law into the Department's report structure will result in an increase in workload for the agency. Nonetheless, these increases are likely to be minimal and can be absorbed within existing resources.

Local:

The bill makes three changes:

1. The requirement, which specifies that property standing vacant for an entire seven year period immediately preceding the adoption of the resolution creating the TID may not make up more than 25% of the area in the TID, is eliminated.
2. The use of tax incremental financing is limited to areas that are blighted or in need of rehabilitation.
3. The city or village is required to adopt a finding that no part of the district includes an area identified as agricultural or forest land.

The first change in the bill affects the ability of municipalities to use tax incremental financing. This change is not likely to directly affect local administrative costs.

However, the second change will require municipalities to review carefully the area for blight and the need of rehabilitation. This provision may result in an increase in administrative costs to make this determination.

Meanwhile, the third change requires local governments to review the land included in the district and adopt a finding related to that review. This requirement is likely to increase local administrative costs related to the review and adoption of the finding. The precise amount of this increase cannot be determined, and is likely to vary among municipalities depending on size, location and the current land-use of the parcels proposed to be included in the district.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Limiting the uses of tax incremental financing			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
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			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$See text	\$See text
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	
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		Date	
		11/26/01	