



## Fiscal Estimate Narratives

DOR 4/10/2003

|  |           |                     |        |               |          |
|--|-----------|---------------------|--------|---------------|----------|
| LRB Number                               | 03-0558/1 | Introduction Number | AB-136 | Estimate Type | Original |
| <b>Subject</b>                           |           |                     |        |               |          |
| Charter towns bill, increase town powers |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

The bill allows certain towns that are authorized to exercise village powers to declare themselves, by referendum, to be charter towns. Charter towns can be declared only by towns with populations of at least 2,500 and that have a town plan commission, a comprehensive land use plan, building code and subdivision ordinances and zoning ordinances for construction site erosion control and storm water management. A charter town would not be subject to county zoning ordinances unless adopted by the town and may revoke its approval of any county zoning ordinance. Charter towns would not be subject to extraterritorial zoning jurisdiction or extraterritorial plat approval jurisdiction of a city or village but would continue to be subject to county zoning of wetlands in shorelands.

In addition, certain charter towns would be protected from annexation by a city or village unless the town board approves the proposed annexation. These protected towns must have 1) an equalized value that exceeds \$100 million and 2) 10% of its residents receiving either water or sewage disposal services from off-site facilities, e.g. sanitary, sewerage or utility districts and 3) 24-hour law enforcement services.

The bill allows all towns to exercise the powers of a city to create tax incremental financing (TIF) districts.

Fiscal Estimate.

According to Department of Revenue data, 136 towns have populations over 2,500. These towns could, subject to voter approval, declare themselves charter towns upon enactment of the necessary land use plans, mapping and zoning ordinances. Towns that did not already have land use plans and official maps would incur costs ranging from \$5,000 to \$20,000 for basic land use plans and mapping; more complicated plans and mapping could cost up to \$100,000. Towns that had not already enacted and enforced zoning ordinances would incur personnel costs for the staff required for enforcement. Fees associated with various zoning requirements could defray some costs. As charter towns, they would not be subject to any county zoning, except wetlands in shoreland zoning, or to extraterritorial zoning or extraterritorial plat approval jurisdiction of a city or a village. Adjoining cities would lose zoning authority over affected unincorporated areas within 3 miles of their corporate limits, and adjoining villages would lose zoning authority over affected unincorporated areas within 1.5 miles of their limits.

According to Department of Revenue data, 24 towns could qualify for protected status to the extent that they meet the criteria related to population, equalized value, percentage of off-site sewerage systems, and 24-hour law enforcement services. Cities and villages adjoining these protected towns would lose the ability to expand their tax base.

The department was not asked to prepare a state fiscal estimate on this bill. However, the department would incur substantial costs because authority to create TIF districts is extended to towns. It is estimated that under the bill, about 625 TIF districts would be created by towns annually. The bill would increase department costs related to local administrative assistance, document reviews, certification of base values and determination of subsequent year equalized values. As a result, the department would require an additional 13 FTE positions at an annual cost of \$663,300; one time costs associated with these additional positions would be \$46,700.

If only charter towns had TIF authority, it is estimated that 115 TIF districts would be created by towns annually. The bill will increase department costs related to local administrative assistance, document reviews, certification of base values and determination of subsequent year equalized values. As a result, the department would require an additional 2,5 FTE positions at an annual cost of \$123,100 and a one-time cost of \$13,100.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |
|--|--|
| <b>LRB Number</b> <b>03-0558/1</b>   | <b>Introduction Number</b> <b>AB-136</b>       |
| <b>Subject</b>   |  |
| Charter towns bill, increase town powers   |  |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |  |
| \$46,700 associated with computer and equipment  |  |
| <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  | \$663,303                                      |
| (FTE Position Changes)   | (13.0 FTE)                                     |
| State Operations - Other Costs   |  |
| Local Assistance   |  |
| Aids to Individuals or Organizations   |  |
| <b>TOTAL State Costs by Category</b>   | <b>\$663,303</b> \$                            |
| <b>B. State Costs by Source of Funds</b>   |  |
| GPR  | 663,303  |
| 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>  |  |
|  | State      Local                               |
| NET CHANGE IN COSTS  | \$663,303      \$                              |
| NET CHANGE IN REVENUE  | \$      \$                                     |
| <b>Agency/Prepared By</b>  | <b>Authorized Signature</b>                    |
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|  | <b>Date</b>                                    |
|  | 4/10/2003                                      |