



## Fiscal Estimate Narratives

DOR 11/12/2003

LRB Number	03-3585/3	Introduction Number	SB-306	Estimate Type	Original
<b>Subject</b>					
Allow the department of revenue to charge to recalculate a tax incremental district's (TIF) base value					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a tax incremental finance district (TID) may be created if a municipality adopts a resolution to create the TID and the TID is approved by a joint review board (JRB) comprised of representatives from the municipality, school district, county, and vocational college overlying the TID and a public member. Under current law, the Department of Revenue (DOR) certifies the base value of the TID if certain procedural and notice requirements are met. Current law specifies that the facts supporting any necessary documents are not subject to review by DOR.

Under the bill, a majority of the members of the JRB could request a DOR review of the objective facts contained in any documents associated with the public record, planning documents and municipal resolution adopting a TID. These documents include the following: a) description of TID boundaries; b) a finding that the TID is within the territorial limit; and c) a finding that not less than 50% of the TID is a blighted area, in need of rehabilitation or is suitable for industrial use and is zoned industrial and that the project costs relate directly for these purposes. DOR would be required to investigate the request no later than 10 working days after receiving the request. If DOR determines that the information in the proposal contains incomplete or inaccurate information, the JRB would request that the municipality resolve the problems in the proposal and resubmit the proposal to the board.

The bill also requires DOR to create and update a manual on the tax incremental finance (TIF) program. The manual would include the rules relating to the program, common problems faced by municipalities, possible side effects of the use of TIF, and any other information DOR determines appropriate.

The bill authorizes DOR to impose a \$1,000 filing fee (program revenue) for the determination or redetermination of the base value of TIDs.

Under current law, DOR annually certifies the base value of approximately 84 newly created or amended TID. Thus, the filing fee authorized under the bill would generate approximately \$84,000 annually in program revenue to pay the cost of one FTE authorized under the bill for the purposes of performing services related to TIDs.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 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>			
<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		\$56,500	
(FTE Position Changes)		(1.0 FTE)	
State Operations - Other Costs		27,500	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$84,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS		84,000	
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		\$84,000	\$See
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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