

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2491/3	Introduction Number AB-0320	
Description The timing of a joint review board meeting regarding tax incremental district number 3 in the city of Altoona		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Affected Ch. 20 Appropriations		
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Fiscal Estimate Narratives

DOR 5/15/2007

LRB Number 07-2491/3	Introduction Number AB-0320	Estimate Type Original
Description The timing of a joint review board meeting regarding tax incremental district number 3 in the city of Altoona		

Assumptions Used in Arriving at Fiscal Estimate

Tax Incremental Finance (TIF) is a financing tool available under current law to cities, villages, and, to a limited extent, towns to encourage economic development that would not occur without some public assistance. When a TIF district is created, the current property value in the district is set as the "base value." Improvements and development that occur after the TIF district is created lead to increases in its value over the base value (the increase is referred to as the increment value). The property taxes levied by all local taxing jurisdictions (i.e. the municipality, county, school district, technical college and any special districts) on the value increment are used to pay for the project costs needed for the development to occur. The tax on the base value continues to go to the taxing jurisdictions that levy the tax. After a TIF district terminates, the taxes paid by property owners within the district – on both the base value and value increments – are shared by all taxing jurisdictions.

Under current law, a city or village must follow certain procedures within certain time frames to create or amend a TIF, including holding public hearings, obtaining approval of a proposed plan by the local legislative body, and adoption of a resolution creating the TIF district as of a certain date. The Department is responsible for certifying the base value when a district is created or redetermining the base value when territory is added. The Department also certifies the value increment each year thereafter until the district is terminated.

A joint review board (JRB) must approve the creation of TIDs in every municipality across the state. The JRB is comprised of five members who represent the interests of the municipality, its overlying districts (school, technical college, and county) and the public. One of the requirements in the 2001 statutes was that the JRB approve an amendment to a project not less than 10 days or more than 30 days after receiving the resolution amending the plan from the common council or village board. An amendment for TID number three in Altoona was approved by the JRB less than 10 days after receiving the resolution from the common council in September of 2003. Current law requires the amendment to be approved within 30 days of receiving the resolution.

Under the bill, the requirement that the joint review board must approve an amendment not less than 10 days or more than 30 days after receiving the amendment would not apply to TIF district number three in Altoona. The bill would require the Department to treat the TIF district as if that requirement had been complied with and to redetermine the base value of the district using January 1, 2003, property values. A value increment pertaining to the amendment, however, could not be certified until 2007.

Information is not available at this time to determine the change in the value increment that would occur over the life of the district as a result of the amendment. As such, an estimate of the tax base that would be unavailable to the overlying taxing jurisdictions during the life of the TIF district is not available.

The bill would increase Department administrative costs associated with amending and monitoring the TID. The Department anticipates being able to absorb the costs.

Long-Range Fiscal Implications