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April 11, 2007

MEMORANDUM

To: Senator Breske

From: Marc E. Shovers, Senior Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **2007 SB-36** by **DOR** (LRB-1637/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

In point number one, the department of revenue (DOR) claims that while current town tax incremental financing (TIF) law provides for the payment of TIF-related infrastructure costs and redetermination of the tax incremental base when a town TIF district is annexed (s. 60.85 (17), stats.), this bill does not contain a similar provision for charter town TIFs. The department is technically correct, but it seems to me that there is not much need for such a provision.

As I understand it, one of the major reasons for the bill is to provide a charter town with protected status, which prohibits city or village annexation. See s. 60.225 (4) as created in the bill. If a charter town creates a TIF district, it would be impossible for a city or village to annex that town territory unless the town agrees, in which case there would presumably be some sort of negotiation on the issue DOR has raised. The only other way in which DOR's concern could arise is if the charter town revoked its charter town status. This also does not seem too likely to occur. Thus, there is no reason to address DOR's concern.

DOR's second point also relates to current-law TIF provisions related to the payment of TIF-related infrastructure costs and redetermination of the tax incremental base when a town TIF district is annexed. It seems to me that this point is not only a pure policy concern, which is not appropriate for inclusion in a technical memo, but DOR's point really has nothing to do with this bill.

DOR claims that the bill makes no provision for funding the costs involved in administering the activities required. DOR is correct. This is a policy decision for you to make, although I don't believe that I've ever drafted a bill that contains the provision that DOR is requesting. In addition, I don't believe that technical memos produced by other state agencies have ever included a request for funding the costs involved in administering the activities required by a bill.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

March 19, 2007

TO: Marc Shovers
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on SB 36: Charter Towns

Current town tax incremental financing (TIF) law provides for payment of TIF-related infrastructure costs and redetermination of the tax incremental base when a town TIF district is annexed (section 60.85 (17)). The bill does not have a similar provision for charter town TIF districts. The author may wish to include such a provision.

In addition, current city and village TIF law, under sections 66.1105 and 66.1106, does not contain a similar provision for payment of TIF-related costs or the base redetermination upon annexation. The author may wish to amend current TIF law in those sections to provide for payment of TIF-related costs redetermination of the incremental base anytime an annexation includes territory containing a town TIF district.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	Chapter 20	Amount	FTE
annual	s. 20.566 (2) (a)	\$ 49,200	1.0

If sufficient program revenue is later deposited to the department's program revenue appropriation for the administration of tax incremental financing (currently s.20.566(1)(go) but to be renumbered to s.20.566(2)(hm) under the Governor's budget bill), these costs may later be transferred to this appropriation.

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817; for questions regarding administrative costs, please contact Deborah Uecker-Etzler at 266-0306.

cc: Sen. Breske