

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-2896/1	Introduction Number SB-223	
Description Expanding the area in which a tax incremental district's project costs may be expended		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" 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 checked="" 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 checked="" type="checkbox"/> Towns <input checked="" 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 type="checkbox"/> School Districts <input 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		
Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 7/9/2007

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Description Expanding the area in which a tax incremental district's project costs may be expended					

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.

Project expenditures must generally be made within the boundaries of a district. An exception exists for blighted areas in Kenosha where project expenditures that are approved by the Joint Review Board (JRB) may be made within a one-half mile radius of the district. 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.

This bill would allow cities or villages, other than Kenosha, to make or incur expenditures within a one-half mile radius of the boundaries of TIF districts if the expenditures are approved by the JRB.

Information is not available for a reasonable estimate of the tax shift that would result from the bill. However, to the extent that project costs would be incurred for a larger territory and for a longer period of time, the bill would result in longer lives for TIF districts. As a result, overlying taxing jurisdictions, such as the school district, county and vocational college district, could be required to forego the tax base associated with the development within districts for longer periods.

The Department's costs under the bill can be absorbed within existing budget authority.

Long-Range Fiscal Implications