



## Fiscal Estimate Narratives

DOR 2/9/2009

LRB Number	<b>09-1652/1</b>	Introduction Number	<b>AB-0028</b>	Estimate Type	<b>Original</b>
<b>Description</b> The filing of certain forms related to tax incremental financing district number ten in the city of Chippewa Falls					

### Assumptions Used in Arriving at Fiscal Estimate

The tax incremental finance (TIF) law permits cities, villages, and, to a limited extent, towns to finance certain public improvements needed to encourage economic development. When a TIF district is created, the equalized value of the taxable property in the district is set as the "base value". Over time, as the TIF district develops, the equalized value of the district will change. To the extent that the current value is greater than the "base value", the positive difference is referred to as the "value increment". The property taxes levied by all local taxing jurisdictions (municipality, county, school district, technical college, and special districts) on the "value increment", are retained by the municipality. These funds are used to repay the costs of developing the TIF district. In general, once the TIF district development costs are repaid, the municipality terminates the TIF district. After termination, the property taxes on property in the former TIF district are shared with the overlying taxing jurisdictions in full in the same manner as non-TIF property taxes are shared.

A municipality must follow certain procedures when creating a TIF, including establishing a TIF district project plan, holding public hearings, obtaining approval by a review board composed of various local officials, and adoption of a resolution creating the TIF district as of a certain date. Certain forms and an application must be submitted to the Department of Revenue (DOR) on or before December 31 of the year in which the district is either created or amended.

The bill creates an exception from current law procedures for the City of Chippewa Falls. The City amended the project plan for TIF district #10 in November 2006, by adding territory to the district. However, the City did not comply with the requirement regarding notifying DOR by the December 31, 2007 deadline. Under the bill, if the required material is filed with DOR no later than December 31, 2009, effective beginning with the certification of values in 2010, DOR shall calculate the incremental values for this TIF district as if the material had been filed by the December 31, 2007 deadline.

Compared to current law, the bill will change the affected TIF district's base value. DOR has not yet redetermined the base value for this TIF district. Therefore, it is not possible to reasonably project how the incremental levies of this district will be affected.

DOR administrative costs can be absorbed within existing budgetary authority.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> The filing of certain forms related to tax incremental financing district number ten in the city of Chippewa Falls			
<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		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
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, ets.)</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		\$	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>			
DOR/ Daniel Huegel (608) 266-5705		<b>Authorized Signature</b>	<b>Date</b>
		Paul Ziegler (608) 266-5773	2/9/2009