

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-0223/1	Introduction Number SB-131
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Description
 Authorizing the cities of Cudahy and Oak Creek to use environmental remediation tax increments generated by one environmental tax incremental district to benefit another environmental remediation tax incremental district

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Milwaukee metro sewer</u>
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Paul Ziegler (608) 266-5773	Date 4/3/2009
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Fiscal Estimate Narratives

DOR 4/3/2009

LRB Number	09-0223/1	Introduction Number	SB-131	Estimate Type	Original
Description Authorizing the cities of Cudahy and Oak Creek to use environmental remediation tax increments generated by one environmental tax incremental district to benefit another environmental remediation tax incremental district					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a city, village, town, or county may create an environmental remediation tax incremental financing (ERTID) district to recover the costs of remediating contaminated property through property taxes levied on increased property value in the district. Similar to regular tax incremental financing districts, a municipality or county must follow certain procedures when creating a ERTID, such as passing a resolution to create the district and submitting the resolution to a joint board of review for approval. In addition, before the Department of Revenue (DOR) may certify a base value for an ERTID, the entity desiring to create the district must submit the following to DOR: (1) a statement that the entity has incurred eligible costs, together with a proposed remediation plan approved by the Department of Natural Resources (DNR) which includes estimates for future eligible costs, a schedule for the design and implementation of the remediation, and a certification from the DNR that they have approved the site investigation report for the affected property; (2) a statement that all taxation jurisdictions which can levy taxes within the proposed ERTID have been notified of the proposal to create the ERTID; and (3) a statement that the entity creating the ERTID has attempted to recover the costs of the environmental remediation from the person(s) responsible for the environmental pollution that is being remediated.

Once the required material has been submitted to DOR, the equalized value of the taxable property within the district at that time becomes the "base value" for the ERTID. Over time, as the ERTID 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 entity that created the ERTID to pay the eligible costs of remediating the environmental pollution in the ERTID.

Under current law, the maximum life for an ERTID is 23 years. In addition, no eligible costs may be incurred later than 15 years after DOR certifies the base value of the ERTID. An ERTID must terminate before its 23 year maximum life span if the creating entity has recovered enough tax incremental levies to pay for all of its eligible costs.

The bill creates exceptions to the provisions regarding the maximum life of an ERTID for the Cities of Cudahy and Oak Creek. The City of Cudahy ERTID #1 would be allowed to continue to generate incremental levies after all its eligible costs were recovered, and the additional incremental levies would be used to pay for eligible costs of in City of Cudahy ERTID #2. The City of Oak Creek ERTID #1 would be allowed to continue to generate incremental levies after all its eligible costs were recovered, and the additional incremental levies would be used to pay for the eligible costs of a future City of Oak Creek ERTID. For both cities, ERTID #1 would terminate the earlier of 23 years after creation or when the recipient ERTIDs paid off their eligible costs.

DOR does not have data to permit a reasonable estimate of how the bill may affect the incremental values and levies of the affected ERTIDs.

DOR administrative costs can be absorbed within existing budgetary authority.

Long-Range Fiscal Implications