Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2013 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **13-3420/1**	Introduction Number **AB-0002 (OC3)**

Description
Expanding the authority of the town of Brookfield in Waukesha County to create tax incremental financing districts

Fiscal Effect

State:
- ☐ No State Fiscal Effect
- ☐ Indeterminate
  - ☐ Increase Existing Appropriations
  - ☐ Decrease Existing Appropriations
  - ☐ Create New Appropriations
  - ☐ Increase Existing Revenues
  - ☐ Decrease Existing Revenues
  - ☒ Increase Costs - May be possible to absorb within agency's budget ☒ Yes ☐ No
  - ☐ Decrease Costs

Local:
- ☐ No Local Government Costs
- ☒ Indeterminate
  1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
  2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
  3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
  4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
  5. Types of Local Government Units Affected
     ☒ Towns ☐ Village ☐ Cities
     ☐ Counties ☐ Others
     ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
DOR/ Daniel Huegel (608) 266-5705	Michael Wagner (608) 266-6785	10/15/2013

Fiscal Estimate Narratives

DOR 10/15/2013

LRB Number **13-3420/1**	Introduction Number **AB-0002 (OC3)**	Estimate Type **Original**
Description Expanding the authority of the town of Brookfield in Waukesha County to create tax incremental financing districts		

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

The tax incremental finance (TIF) law permits villages and cities 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. A village or city TIF district generally may exist for 20, 23, or 27 years, depending on the purpose for which the district was created. TIF-related project expenditures may not be incurred within 5 years of the maximum allowable life of a district.

Towns have a limited ability to form TIF districts. In general, a town TIF district must be one of the following types: (1) a district in the area covered by a cooperative plan with a village or city under which the village or city plans to annex all or part of the town, (2) an environmental remediation TIF district, and (3) an industry-specific TIF district for activities in the following industries: agriculture, forestry, tourism, and certain manufacturing activities (such as animal slaughtering and processing, wood products, paper manufacturing, and ethyl alcohol manufacturing). Expenditures may generally be made for an industry-specific town TIF district for up to 5 years after the district is created. Incremental levies for an industry-specific town TIF district may be collected for no more than 16 years.

TOWN OF BROOKFIELD

Current law contains an exception to the general statutes regarding town TIF districts for the Town of Brookfield in Waukesha County. Under that exception , the Town of Brookfield is permitted to create a one industry-specific TIF district for a project related to (a) a retail purpose, or (b) a purpose for which a village or city can create a TIF district (blight remediation, rehabilitation or conservation, industrial development, or mixed-use development).

Under the bill, the Town of Brookfield would be permitted to create TIF districts under the same general law that generally applies to villages and cities. The bill also provides that if any territory in a town TIF district is annexed to a village or city, (1) the village or city would be required to assume its share of assets and liabilities (including debt), and (2) the DOR will be required to redetermine the base value of the town TIF district.

The Department of Revenue (DOR) does not have information which would permit it to reasonably estimate the number of TIF districts the Town of Brookfield might create.

STATE ADMINISTRATIVE COSTS

DOR administrative costs related to the bill are expected to be absorbed within existing budget authority.

Long-Range Fiscal Implications