

Fiscal Estimate Narratives

DOR 3/30/2015

LRB Number	15-2034/1	Introduction Number	AB-0133	Estimate Type	Original
Description Modifying the requirements for sharing tax increments by tax incremental districts, limiting the participation of certain special purpose districts in tax incremental district financing, and authorizing any tax incremental district to use allocated tax increments donated from another tax incremental district					

Assumptions Used in Arriving at Fiscal Estimate

The bill affects the statutes on calculating incremental levies for tax incremental financing (TIF) districts and the sharing of incremental levies among TIF districts.

CALCULATION OF INCREMENTAL LEVIES

Under current law, calculations of tax incremental levies for all TIF districts are based on all tax levies except the state forestation tax.

Under the bill, calculations of tax incremental levies for TIF districts created after the bill is enacted will be based on all tax levies except the state forestation tax, town sanitary district taxes, public inland lake protection and rehabilitation district taxes, and lake sanitary districts taxes.

For the 2014/15 property tax year, there were 32 municipalities with territory in both a TIF district and a special district of the type noted above. Of these 32 municipalities, 14 had tax incremental levies generated by their special district's levies. The total of such levies was \$53,617.71. (The attachment lists these municipalities and the affected incremental levies.)

For municipalities that contain inland lake protection and rehabilitation districts with relatively high tax rates (such as Cumberland and Owen), the incremental levy reductions created under the bill may require the affected TIF districts to remain open for several additional years compared to current law. For other municipalities, the bill is expected to have minimal effect on their TIF incremental levies.

SHARING OF INCREMENTAL LEVIES

Under current law, a TIF district generating excess incremental levies may donate funds to another TIF district in the same municipality that is generating insufficient incremental levies. The two districts must have the same overlying taxation districts. In addition, a standard TIF district may not share incremental levies with an environmental TIF, and vice versa.

Under the bill, the restrictions on sharing incremental levies noted above are repealed.

The repeal of these restrictions is expected to increase the number of TIF districts that share incremental levies. Compared to current law, this could cause TIF districts generating insufficient incremental levies to be closed sooner than permitted under current law.

There were 15 environmental TIF (ER-TIF) districts in 13 municipalities for the 2014/15 property tax year. All but one of these 13 municipalities had an accompanying TIF district. The estimated total incremental levy for the 15 ER-TIF districts was about \$1.15 million (or 0.31% of the state total incremental levy). There were an additional 44 non-ER-TIF districts in these municipalities with an estimated total incremental levy of about \$31.48 million (or 8.39% of the state total incremental levy). Given the small number of cases in which a TIF district could become a donor to an ER-TIF district (or vice versa) and the amount of incremental levies involved, the amount of incremental levies that may be shared is likely to be small.

ADMINISTRATIVE COSTS

The Department of Revenue (DOR) will incur one-time costs under the bill. These costs can be absorbed in current budgetary allocations.

2015 AB 133: Tax Increments due to Special Districts

Municipality	County	Incremental Levy Generated by Special District	Total Incremental Levy	Percent due to Special District
City of Cumberland	Barron	16,855.14	465,857.64	3.618%
City of Rice Lake	Barron	5,197.61	753,106.75	0.690%
City of Chilton	Calumet	2,753.58	910,722.93	0.302%
City of Owen	Clark	13,322.96	217,787.63	6.117%
Village of Fall Creek	Eau Claire	197.17	33,668.97	0.586%
Village of Paddock Lake	Kenosha	221.88	2,785.59	7.965%
Village of West Salem	La Crosse	1,155.95	176,592.10	0.655%
City of Antigo	Langlade	2,317.95	265,773.51	0.872%
Village of Hortonville	Outagamie	1,621.04	168,144.97	0.964%
Village of Luck	Polk	8.64	1,766.25	0.489%
City of Arnetz	Polk	1,032.66	453,061.44	0.228%
Village of Rib Lake	Taylor	148.58	24,581.10	0.604%
City of Oconomowoc	Waukesha	17.98	96,034.40	0.019%
City of Clintonville	Waupaca	8,766.57	1,236,123.37	0.709%
Total	*****	53,617.71	4,806,006.65	1.116%

2015 AB 133: Municipalities with One or More Environmental TIF Districts

For this list, TIF districts with a negative incremental value were recorded as having a \$0 value increment and \$0 incremental levy.

Municipality	County	Number of ER TIF Districts	2014 Incremental Value	2014 Est. Incremental Tax Levy	Number of Other TIF Districts	2014 Incremental Value	2014 Est. Incremental Tax Levy	Total Number of TIF Districts	2014 Incremental Value	2014 Est. Incremental Tax Levy
City of Prairie du Chien	Crawford	1	425,500	11,859	6	70,544,150	1,966,135	7	70,969,650	1,977,994
City of Berlin	Green Lake	2	897,100	23,037	5	12,175,300	312,652	7	13,072,400	335,689
City of Mauston	Juneau	1	0	0	2	35,981,200	1,091,770	3	35,981,200	1,091,770
City of Tomahawk	Lincoln	1	271,800	6,705	4	17,541,500	432,740	5	17,813,300	439,445
City of Kiel	Manitowoc	1	0	0	2	22,818,900	480,000	3	22,818,900	480,000
City of Cudahy	Milwaukee	2	10,893,100	297,027	1	184,697,800	5,036,229	3	195,590,900	5,333,256
City of Glendale	Milwaukee	1	15,727,900	435,726	3	396,734,600	10,991,135	4	412,462,500	11,426,861
City of Rhineland	Oneida	1	4,431,400	109,674	5	31,415,700	777,517	6	35,847,100	887,191
City of Kaukauna	Ougagamie	1	916,400	22,236	5	27,310,000	662,661	6	28,226,400	684,897
City of New London	Ougagamie	1	15,200	373	1	9,028,750	2,215,831	2	9,043,950	2,216,204
City of Burlington	Racine	1	1,362,500	33,696	1	167,826,200	4,150,543	2	169,188,700	4,184,239
City of Sheboygan	Sheboygan	1	7,480,000	206,779	9	121,470,300	3,357,963	10	128,950,300	3,564,742
Town of Matteson	Waupaca	1	7,400	165	0	0	0	1	7,400	165
State Total	*****	15	42,428,300	1,147,277	44	1,097,544,400	31,475,176	59	1,139,972,700	32,622,453

Long-Range Fiscal Implications