

Fiscal Estimate Narratives

DOR 10/15/2015

LRB Number	15-3526/1	Introduction Number	SB-316	Estimate Type	Original
Description Allowing the town of Freedom to create a tax incremental district in the same manner as a city or village					

Assumptions Used in Arriving at Fiscal Estimate

The bill specifically allows the town of Freedom in Outagamie County to have the same authority as a city or village has to create a tax incremental district (TID).

Currently, the town of Freedom does not have a TID within its jurisdiction. Under current law, a town may have the same level of authority as a city or village has to create a TID if the town's population is at least 3,500 and equalized value of all taxable property in the town is at least \$500 million. Current law exempts the town of Brookfield and the town of Somers from the general restrictions that apply to towns in creating a TID. However, Brookfield's and Somers' populations exceed 3,500 (6,049 and 9,514, respectively, as of 01/01/2015) and the towns have equalized values much larger than \$500 million (approximately \$964.5 million and \$719.8 million, respectively, as of 2015). As such, these towns have the same authority to create a TID as a city or village has without the exemptions specific for those towns. Currently, the town of Brookfield has one active TID that was created in 2014. The base value of the TID is approximately \$66.0 million. The town of Somers has yet to create a single TID.

The town of Freedom has a population of 5,991 as of 01/01/2015, and the town's equalized value is \$476.9 million as of 2015. In terms of total equalized value, the town of Freedom seems to have recovered from the decrease in property value faster than the statewide average, and the annual percentage growth rate of the town's equalized value over the last four years has been higher than the state average:

Equalized Value Annual Percentage Growth

Town of Freedom:

2010-11 -2.85%
2011-12 1.28%
2012-13 1.29%
2013-14 4.36%
2014-15 5.16%

State-Wide Average:

2010-11 -1.82%
2011-12 -3.24%
2012-13 -0.76%
2013-14 2.46%
2014-15 2.44%

If the town's equalized value grows by five percent in 2015-16, the equalized value would exceed \$500 million.

Since the Department of Revenue does not have any information regarding the town's plan for creating a TID, it is not possible to estimate the bill's fiscal impact on the municipality.

The state fiscal impact is expected to be minimal, and any increase in costs can be absorbed within the current budgetary resources.

Long-Range Fiscal Implications