

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

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| LRB Number 15-4568/1 | Introduction Number SB-691 |
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Description
 Lengthening the time during which tax increments may be allocated and expenditures for project costs may be made for Tax Incremental District Number 3 in the city of Middleton

Fiscal Effect

State:

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

Local:

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

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|--|---------------------------------------|
| 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/ Yuko Iwata (608) 267-9892 | Authorized Signature Robert Schmidt (608) 266-5773 | Date 2/4/2016 |
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Fiscal Estimate Narratives

DOR 2/4/2016

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 15-4568/1 | Introduction Number | SB-691 | Estimate Type | Original |
| Description | | | | | |
| Lengthening the time during which tax increments may be allocated and expenditures for project costs may be made for Tax Incremental District Number 3 in the city of Middleton | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Tax Incremental District (TID) Number 3 in the city of Middleton was created in September 1993. According to the initial project plan, the scope of the TID projects broadly consisted of comprehensive infrastructure development, the full development of land within the district, and the creation of "job park" districts in the metropolitan area. The TID territory was divided into five major districts: 1) Stormwater Management District; 2) Greenway Center District; 3) Downtown District; 4) Airport Road District; and 5) Existing Highway 12 District.

The total project cost was estimated to be approximately \$15.81 million, according to the TID's initial project plan. The maximum life for the TID was 27 years. The municipality revised the total project cost estimate twice in the past, to \$24.09 million in 1997 and to \$67.91 million in 2002. In addition, the TID went through territorial amendments five times in the past (see attached worksheet), including an amendment made in 2015 to subtract territory from the TID. 2011-12 Wisconsin Act 139 extended the TID's life from 27 to 37 years (until 2030) and spending period to 32 years (until 2025). The Act also permits the TID a total of seven, instead of four, project plan amendments to alter the TID boundaries.

The bill extends the maximum life for TID Number 3 to 47 years (until 2040), and allows the TID to make expenditures for up to 42 years (until 2035).

According to the TID's project plans and other documents related to the amendments submitted to the Department of Revenue (DOR) as well as DOR's database, the TID had generated sufficient tax revenues from the TID's value increments to pay off all the project costs by 2010. The cumulative tax increments reached approximately \$70.93 million in nominal terms in the same year (see attached worksheet). In 2015, the TID generated approximately \$9.13 million in tax increment. In general, a TID is expected to terminate once all the project costs have been paid off, so that the taxpayers within the municipality and other relevant taxing jurisdictions would start benefiting from the increased property tax revenues. The sharing of the additional property tax base as a result of TID termination would effectively lower the property tax rates for the taxpayers within the taxing jurisdictions. The bill allows the city of Middleton to postpone the TID's termination and to further invest the TID's tax increments in the expansion of the current projects or new developments within the territory by sustaining the TID for a longer period.

The bill has no state fiscal impact.

Long-Range Fiscal Implications

City of Middleton: Tax Incremental District Number 3

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|-------------------------------|------------------|
| Base Year | 1993 |
| Original Life | 2020 (27 Yrs.) |
| Revised Life (2012) | 2030 (37 yrs.) |
| Original Project Costs (1993) | \$15.805 million |

| Year | Base Value | Current Value | Increment Value | Gross Property Tax Rate (TIF-IN) | | Tax Increment* | % Change (Tax Increment) | Cumulative Tax Increment (Nominal) | Amendments | Revised Total Project Cost Estimate (Nominal) |
|------|--------------|---------------|-----------------|----------------------------------|-------------|----------------|--------------------------|------------------------------------|-------------------------|---|
| | | | | Tax Rate | Value | | | | | |
| 1994 | \$36,805,500 | \$39,178,800 | \$2,373,300 | 2.8042% | \$66,553 | \$66,553 | | \$66,553 | | |
| 1995 | \$36,805,500 | \$56,945,200 | \$20,139,700 | 2.7066% | \$545,095 | \$611,648 | 719.04% | \$611,648 | | |
| 1996 | \$36,805,500 | \$66,308,700 | \$29,503,200 | 2.4498% | \$722,760 | \$1,334,408 | 32.59% | \$1,334,408 | | |
| 1997 | \$36,805,500 | \$89,403,600 | \$52,598,100 | 2.3413% | \$1,231,472 | \$2,565,880 | 70.38% | \$2,565,880 | Project plan | \$24.093 million |
| 1998 | \$36,805,500 | \$96,208,800 | \$59,403,300 | 2.2895% | \$1,360,059 | \$3,925,939 | 10.44% | \$3,925,939 | | |
| 1999 | \$36,805,500 | \$112,613,800 | \$75,808,300 | 1.9399% | \$1,470,579 | \$5,396,517 | 8.13% | \$5,396,517 | Territory(Addition) | |
| 2000 | \$65,361,200 | \$163,561,900 | \$98,200,700 | 2.1878% | \$2,148,461 | \$7,544,978 | 46.10% | \$7,544,978 | | |
| 2001 | \$65,361,200 | \$201,545,400 | \$136,184,200 | 1.7672% | \$2,406,668 | \$9,951,646 | 12.02% | \$9,951,646 | | |
| 2002 | \$65,361,200 | \$239,762,800 | \$174,401,600 | 2.0939% | \$3,651,806 | \$13,603,452 | 51.74% | \$13,603,452 | Project plan | \$67.914 million |
| 2003 | \$65,361,200 | \$277,998,300 | \$212,637,100 | 2.0954% | \$4,455,509 | \$18,058,961 | 22.01% | \$18,058,961 | | |
| 2004 | \$65,361,200 | \$368,609,500 | \$303,248,300 | 1.9840% | \$6,016,456 | \$24,075,418 | 35.03% | \$24,075,418 | | |
| 2005 | \$65,361,200 | \$506,047,100 | \$440,685,900 | 1.8100% | \$7,976,245 | \$32,051,663 | 32.57% | \$32,051,663 | | |
| 2006 | \$65,361,200 | \$540,652,800 | \$475,291,600 | 1.7604% | \$8,366,981 | \$40,418,644 | 4.90% | \$40,418,644 | Territory (Subtraction) | |
| 2007 | \$64,943,900 | \$611,619,100 | \$546,675,200 | 1.7607% | \$9,625,428 | \$50,044,072 | 15.04% | \$50,044,072 | Project Plan | |
| 2008 | \$64,943,900 | \$299,267,300 | \$234,323,400 | 1.7577% | \$4,118,770 | \$54,162,842 | -57.21% | \$54,162,842 | | |
| 2009 | \$64,943,900 | \$508,376,800 | \$443,432,900 | 1.9024% | \$8,436,061 | \$62,598,903 | 104.82% | \$62,598,903 | Territory (Subtraction) | |
| 2010 | \$64,707,600 | \$474,081,200 | \$409,373,600 | 2.0353% | \$8,331,942 | \$70,930,846 | -1.23% | \$70,930,846 | | |
| 2011 | \$64,707,600 | \$332,746,200 | \$268,038,600 | 2.0784% | \$5,570,887 | \$76,501,732 | -33.14% | \$76,501,732 | Territory (Subtraction) | |
| 2012 | \$63,401,800 | \$462,018,500 | \$398,616,700 | 2.1774% | \$8,679,429 | \$85,181,161 | 55.80% | \$85,181,161 | Project Plan | |
| 2013 | \$63,401,800 | \$413,704,800 | \$350,303,000 | 2.2505% | \$7,883,578 | \$93,064,739 | -9.17% | \$93,064,739 | | |
| 2014 | \$63,401,800 | \$455,880,600 | \$392,478,800 | 2.2316% | \$8,758,649 | \$101,823,388 | 11.10% | \$101,823,388 | | |
| 2015 | \$63,401,800 | \$472,440,600 | \$409,038,800 | 2.2312% | \$9,126,294 | \$110,949,682 | 4.20% | \$110,949,682 | Territory (Subtraction) | |

Average (Compound) Annual Growth Rate (Tax increment; 1994-2015) 27.90%

*Calculated based on the city of Middleton's gross tax rate.