

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>15-1069/1</b>	<b>Introduction Number</b> <b>SB-051</b>
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**Description**  
 Standing joint review boards, annual joint review board meetings, annual reports on tax incremental districts, and granting rule-making authority

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase 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"/> 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		<b>5. Types of Local Government Units Affected</b>
<input checked="" type="checkbox"/> Indeterminate		
1. <input checked="" type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others
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	

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

<b>Agency/Prepared By</b> DOR/ Yuko Iwata (608) 267-9892	<b>Authorized Signature</b> Robert Schmidt (608) 266-5773	<b>Date</b> 3/16/2015
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## Fiscal Estimate Narratives

DOR 3/16/2015

LRB Number	<b>15-1069/1</b>	Introduction Number	<b>SB-051</b>	Estimate Type	<b>Original</b>
<b>Description</b> Standing joint review boards, annual joint review board meetings, annual reports on tax incremental districts, and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

#### Joint Review Board and Tax Incremental District Annual Report

Under current law, a municipality or a county convenes a Joint Review Board (JRB) when the jurisdiction plans to create a tax incremental district (TID), amend a TID project plan, have a TID's base value redetermined, or incur project costs for an area outside of the TID's boundaries. A municipality or a county may create a temporary JRB, or alternatively, a standing JRB that may remain in place for the entire duration of a TID's life but can be disbanded at any time. Also under current law, the jurisdiction must prepare and make available to the public an annual report describing the status of each existing TID, including expenditures and revenues.

The bill requires a municipality or a county to always convene a standing JRB and requires the standing JRB to remain in place for the entire duration of a TID's life. The overlying taxing jurisdictions must be represented on the standing JRB. The standing JRB may disband following the termination of all existing TIDs located in the municipality/county with the same overlying taxing jurisdictions represented on the JRB. In addition, the municipality or county must submit the annual report describing the status of each existing TID to each overlying taxing jurisdiction as well as to the Department of Revenue (DOR), and the standing JRB must meet annually to review the report. The annual report must contain items specified in the bill.

#### FISCAL EFFECT

The bill requires a municipality to maintain a standing JRB until the termination of a TID, and the JRB must meet annually to review an annual report. The new requirements under the proposal may impose additional costs on local jurisdictions. However, DOR does not have sufficient data to estimate the fiscal impact of the proposal on the local jurisdictions.

The bill also requires that DOR create the format for the submission of the municipality's annual report to DOR. The new system may streamline the documentation process for municipalities, and the more centralized compilation of TIF related data in the standardized format may ultimately help disseminate the information to the relevant audience more efficiently and accurately.

Administrative costs for DOR may increase due to computer system enhancement and modifications to relevant documents required under the proposal. However, the costs can be absorbed within the current budgetary resources.

#### Industry-Specific Town Tax Incremental Districts

Under current law, DOR may review an industry-specific town TID and issue a determination as to whether the town TID complies with statutory requirements. If the TID is deemed non-compliant, DOR must order either 1) the town to pay back all ineligible costs to the district's overlying taxing jurisdictions; or 2) the TID to be terminated. If DOR orders termination of the TID, the town becomes liable for all unpaid project costs.

This bill repeals the entire review process and determination by DOR and the subsequent potential penalties in case of non-compliance.

#### FISCAL EFFECT

There are currently nine active town TIDs, of which three are industry-specific town TIDs (located in the towns of New Chester, Elba, and Weyauwega). Total value increment and equalized value of those three

TIDs in 2014 amounted to \$12.38 million and \$20.60 million, respectively. The proposal will no longer subject the industry-specific town TIDs to the DOR review process and determination of their compliance. DOR does not have sufficient data to estimate the fiscal impact of the proposal on the local jurisdictions. However, provided the number of industry-specific town TIDs would remain small, the fiscal impact of the regulatory change will most likely be minimal.

The administrative costs relating to the proposal will be negligible and can be absorbed within the current budgetary resources.

### **Long-Range Fiscal Implications**