

Fiscal Estimate Narratives

DOR 5/7/01

LRB Number	01-2650/2	Introduction Number	SB-155	Estimate Type	Original
Subject					
Filing, and acceptance by DOR, of documents related to the creation of a tax incremental financing district					

Assumptions Used in Arriving at Fiscal Estimate

When a city or village creates a tax incremental district (TID), it must hold a public hearing at least 30 days before adopting a resolution to create the TID. After the municipality has adopted a resolution to create a TID, a joint review board is convened to review and approve the resolution. The joint review board is made up of representatives from the overlying taxing jurisdictions (the municipality, county, school district, and technical college) and one public member. No TID may be created unless the joint review board approves the resolution to create the TID not less than 10 days nor more than 30 days after receiving the resolution.

A municipality that creates a TID must file certain forms and applications with the Department of Revenue (DOR) on or before December 31 of the year in which the TID is created. DOR uses the forms and application to certify the tax incremental base value of the TID. DOR cannot certify a TID base value until it determines that certain procedures and documents have been timely completed and all required notices have been timely given.

Improvements and development that occur after the TID's creation lead to increases in its value over the base value. The property taxes levied by all taxing jurisdictions (i.e. the municipality, county, school district, and technical college) on the TID's value increment are used to pay the TID's project costs. In this way, the cost of creating the TID is not incurred solely by the municipality but is rather shared by all taxing jurisdictions.

The bill would create exceptions to the requirement that a public hearing be held at least 30 days before adopting a resolution to create a TID and to the requirement that the vote by the joint review board take place not less than 10 days nor more than 30 days after receiving the creation resolution. Under the bill, the Department of Revenue is to certify a TID that was created before June 2000 and was amended in September 2000 notwithstanding these requirements.

The bill would affect TID #1 created by the village of Fall Creek. A public hearing for the proposed TID was held on September 26, 2000; the village board passed a resolution creating the TID on September 29, 2000. The joint review board convened to review the TID voted to approve the TID's creation on September 29, 2000.

Because the time requirements were not met, DOR cannot certify a base value for the TID. As a result, the public expenditures associated with the project are not eligible TID project costs, and any improvements and development occurring in the TID after January 1, 2000 cannot generate tax increments used to pay project costs. As a result, the village of Fall Creek would have to incur all of the necessary public improvements expended for the development associated with proposed TID #1.

Under the bill, the TID would be created with a January 1, 2000 base year. As a result, public expenditures associated with the TID would be eligible TID project costs, paid with tax increments generated by the TID's development.

The bill would require DOR to certify the base value for the affected TID, the costs of which can be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$See text of fiscal note.
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Rebecca Boldt (608) 266-6785		Dennis Collier (608) 266-5773	5/7/01