

Fiscal Estimate Narratives

DOR 2/8/2006

LRB Number	05-4291/1	Introduction Number	AB-973	Estimate Type	Original
Description Expanding the purposes for which a town may create a tax incremental financing district					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a town may create a tax incremental financing (TIF) district under limited circumstances. A town TIF district may be established to expend money on projects related to tourism, forestry, or agriculture. Eligible agricultural projects are crop production, animal production, support activities for agriculture, and support activities for animal production.

The bill expands eligible agricultural projects to include refrigerated farm product warehousing and storage.

Local Fiscal Effect

The bill would give town officials more flexibility in creating and amending TIF districts, which is expected to increase the number of TIF districts created or amended. Data is not available to estimate reliably the changes in property values and taxes or local government costs that may result from the change. Town TIF districts were first authorized by 2003 Wisconsin Act 231. One town TIF district has been created to date.

State Fiscal Effect

The Department estimates that several new TIF districts may be created or amended under the bill. For each new or amended district, the Department reviews the TIF project plan, the required local resolutions, the district boundary descriptions, and parcel lists. The Department is also required to annually determine value increments. In addition, the bill would require updates to town TIF forms and training materials. A \$1,000 fee is imposed for each TIF filing. The fee provides program revenue for TIF administration.

The Department expects to be able to absorb these increased administrative costs within existing budget authority.

Long-Range Fiscal Implications