

Fiscal Estimate Narratives
DOR 3/20/2007

LRB Number 07-1643/1	Introduction Number SB-017	Estimate Type Original
Description The powers of certain towns, authorizing the creation of charter towns by certain town boards, and expanding the authority of charter towns to create tax incremental financing districts		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, if a town meeting authorizes a town board to do so, the town board may exercise certain powers relating to villages. A town board may not create a tax incremental finance district (TID), except under limited circumstances or for limited purposes. A town may create a TID if it has entered into a cooperative boundary agreement with a city or village for full or partial annexation in the future, the city or village has adopted a resolution approving the creation of the TID and the TID would be located entirely within territory that is to be annexed by the city or village. In addition, a town may create a targeted TID for the purpose of specific agricultural, forestry, manufacturing, and recreational projects. A town may also create an environmental remediation TID.

The bill would allow certain towns that are authorized to exercise village powers to declare themselves, by referendum, to be charter towns. Charter towns could be declared only by towns with populations of at least 2,500 that have a town plan commission, a comprehensive land use plan, an official town map, a building code, a subdivision ordinance, a comprehensive zoning ordinance, and a construction site erosion control and storm water management ordinance. A charter town would not be subject to county zoning ordinances unless they were adopted by the town. Charter towns would not be subject to extraterritorial zoning jurisdiction or extraterritorial plat approval jurisdiction of a city or village but would continue to be subject to county zoning of wetlands in shorelands.

In addition, certain charter towns would be protected from annexation by a city or village unless the town board approves the proposed annexation. These protected towns would be required to have (1) an equalized value that exceeds \$100 million, (2) 10% of town residents receiving either water or sewage disposal services from off-site facilities (such as sanitary, sewerage or utility districts), and (3) 24-hour law enforcement services.

The bill would allow all charter towns to exercise the powers of a city to create tax incremental financing districts (TIDs). If a town had already created a TID under the town tax incremental financing (TIF) law, that TID would continue to operate under the town TIF law. If the charter town revoked its charter town status, the town and the Department would continue to administer the TID until it terminated as if the town had not revoked its charter town status.

Fiscal Estimate

According to Department of Revenue data, 141 towns have populations over 2,500. These towns could, subject to voter approval, declare themselves charter towns upon enactments of the necessary land use plans, mapping requirements, and ordinances. Most towns are likely to have land use plans, maps, and zoning ordinances under the smart growth law. However, towns that do not already have land use plans and official maps would incur costs of several thousand dollars for basic land use plans and mapping. Towns that had not already enacted and enforced zoning ordinances would incur personnel costs for the staff required for enforcement. Fees associated with various zoning requirements could defray some costs.

According to Department data, an estimated 25 towns would be protected from annexation under the bill. This provision would help maintain the tax bases of these towns but limit the growth potential of adjoining cities and villages.

Since the department does not have information to determine the number of charter town TIDs that would be created under the bill or the value of property that would be in the charter town tax incremental financing districts, an estimate of the tax base that would be unavailable to the overlying taxing jurisdictions during the life of the TIDs is not available. As with the creation of other new TIDs, overlying taxing jurisdictions will be given an opportunity to consider the impact of the creation of a charter town TID through the joint review board approval process.

A \$1,000 fee is imposed for each TIF filing with the state. Filing fees may increase by an unknown amount under the bill as charter town TIDs are established. TIF filing fees are deposited to a program revenue appropriation to support the Department's TIF expenses.

The Department anticipates that an additional 1.0 FTE would be required to administer tax incremental financing law under the bill. In addition, the bill would require modification of forms, instructions, training, programming, and annual reports. The Department estimates that additional costs would be \$49,200 annually. Since the number of charter town TIDs that would be created is unknown, the degree to which the Department's additional costs may be funded through increased program revenue from TID filings is unknown.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description The powers of certain towns, authorizing the creation of charter towns by certain town boards, and expanding the authority of charter towns to create tax incremental financing districts			
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	\$46,400		\$
(FTE Position Changes)	(1.0 FTE)		
State Operations - Other Costs	2,800		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$49,200		\$
B. State Costs by Source of Funds			
GPR	49,200		
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	\$49,200		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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