



## Fiscal Estimate Narratives

DOR 3/31/2009

LRB Number	09-1774/1	Introduction Number	AB-0165	Estimate Type	Original
<b>Description</b> Expanding the types of property that may be specially assessed by a neighborhood improvement district					

### Assumptions Used in Arriving at Fiscal Estimate

Upon petition of a property owner within the affected area, any town, village, or city may create a neighborhood improvement district (NID) after certain procedures (such as notifying affected property owners and holding public hearings) are followed. A NID is an area consisting of nearby, but not necessarily contiguous, parcels, some of which are used for residential purposes. Each NID is administered its own board. This board is responsible for developing an operating plan for the development, redevelopment, maintenance, operation, and promotion of the district.

Under current law, the NID board may impose special assessments on real property within the district, except for parcels exempt from property taxes and parcels exclusively used for less than 8 residential dwelling units. These special assessments are placed on the property tax bill and collected during the property tax collection process.

Under the bill, the prohibition on charging NID special assessments to parcels used exclusively for less than 8 residential dwelling units would be repealed. The prohibition against placing special assessments on tax exempt property would remain.

The bill could increase the number of properties over which a NID board may spread its special assessments. For properties currently subject to NID special assessments, the bill could reduce the amount of such assessments, reduce the time period over which such assessments are made, or some combination of both. For property currently exempt from the assessments, there will be an increase in special assessments on the tax bills to reflect the assessments they will now be required to pay.

The Department of Revenue (DOR) has no oversight role regarding NIDs. Municipalities are not required to inform DOR that a NID has been formed. Therefore, it is not possible to reasonably estimate how the bill could affect the amount of NID special assessments or the time period over which such special assessments could be collected. However, by allowing special assessments to be spread over a larger number of parcels, which has the potential to improve the financial viability of NIDs, the number of such districts could increase if the bill is enacted.

### Long-Range Fiscal Implications