

Fiscal Estimate - 2011 Session

Original Updated Corrected Supplemental

LRB Number 11-1486/1		Introduction Number AB-0038	
Description The town of Brookfield in Waukesha County to create a tax incremental district for a retail project			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input checked="" type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input checked="" type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input checked="" type="checkbox"/> School Districts		<input checked="" type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	
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		Date	
		3/2/2011	

Fiscal Estimate Narratives

DOR 3/2/2011

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Description The town of Brookfield in Waukesha County to create a tax incremental district for a retail project					

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

The tax incremental finance (TIF) law permits towns, villages, and cities to finance certain public improvements needed to encourage economic development. When a TIF district is created, the equalized value of the taxable property in the district is set as the "base value". Over time, as the TIF district develops, the equalized value of the district will change. To the extent that the current value is greater than the "base value", the positive difference is referred to as the "value increment". The property taxes levied by all local taxing jurisdictions (municipality, county, school district, technical college, and special districts) on the "value increment" are retained by the municipality. These funds are used to repay the costs of developing the TIF district. In general, once the TIF district development costs are repaid, the municipality terminates the TIF district. After termination, the property taxes on property in the former TIF district are shared with the overlying taxing jurisdictions in full in the same manner as non-TIF property taxes are shared.

There are three categories of TIF district that can be created by a town: (1) a district in the area covered by a cooperative plan with a village or city under which the village or city plans to annex all or part of the town, (2) an environmental remediation TIF district, and (3) an industry-specific TIF district for activities in the following industries: agriculture, forestry, tourism, and certain manufacturing activities (such as animal slaughtering and processing, wood products, paper manufacturing, and ethyl alcohol manufacturing).

Expenditures may generally be made for an industry-specific town TIF district for up to 5 years after the district is created (or 7 years in limited circumstances). Incremental levies for an industry-specific town TIF district may be collected for no more than 16 years.

TOWN OF BROOKFIELD

Under the bill, the Town of Brookfield in Waukesha County would be permitted to create one industry-specific TIF district for a project related to (a) a retail purpose, or (b) a purpose for which a village or city can create a TIF district (blight remediation, rehabilitation or conservation, industrial development, or mixed-use development).

Since the base value for this TIF district has not yet been determined, it is therefore not possible to project the incremental value and incremental levies that this district will generate.

STATE ADMINISTRATIVE COSTS

The Department of Revenue's administrative costs under the bill are expected to be absorbed within existing budget authority.

Long-Range Fiscal Implications