

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-0945/1	Introduction Number AB-0008
Description The filing of certain forms related to Tax Incremental Financing District Number 72 in the city of Milwaukee	
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 checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <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 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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 DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Paul Ziegler (608) 266-5773
Date 2/1/2011	

Fiscal Estimate Narratives

DOR 2/1/2011

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Description The filing of certain forms related to Tax Incremental Financing District Number 72 in the city of Milwaukee		

Assumptions Used in Arriving at Fiscal Estimate

The tax incremental finance (TIF) law permits cities, villages, and, to a limited extent, towns 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.

A municipality must follow certain procedures when creating a TIF district, including establishing a TIF district project plan, holding public hearings, obtaining approval by a review board composed of various local officials, and adoption of a resolution creating the TIF district as of a certain date. If the municipal board adopts a resolution creating the TIF district, the municipal clerk must complete certain forms and an application, which must be submitted to the Department of Revenue by October 1 of the year the TIF district is formed (before 2010, the deadline was December 31 of the year the TIF was formed). The application to the DOR must contain findings that not less than 50% of the area in the proposed TIF district is blighted, in need of rehabilitation or conservation work, suitable for industrial sites, or suitable for mixed-use development. This information is used by DOR to identify the type of TIF district that is being created and, consequently, the allowable life span of the district. Depending on the type of TIF district and the date of creation, incremental levies for a TIF district may be collected for no more than 20, 23, or 27 years. In addition, a TIF district is generally prohibited from incurring project costs within 5 years of its statutory termination date.

CITY OF MILWAUKEE

In December 2008, the Common Council of the City of Milwaukee took actions to create TIF District #72, with an intended start date of January 1, 2009. The DOR received the application for this TIF district on May 3, 2010. As a result, no value increment was calculated for this district in 2009 and 2010, and no incremental levies were therefore levied. Under the bill, the DOR is directed to certify an incremental value for this TIF district beginning in 2011 and continue to do so until the district terminates, as if the forms had been timely filed on or before December 31, 2009.

This TIF district was created for the purpose of rehabilitation and conservation. The district therefore can be in existence for 27 years.

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