

Fiscal Estimate - 2013 Session

Original Updated Corrected Supplemental

LRB Number 13-3376/1		Introduction Number AB-0478	
Description Expanding the authority of towns to create tax incremental financing districts			
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 type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input 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	Date
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Fiscal Estimate Narratives

DOR 11/5/2013

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Description Expanding the authority of towns to create tax incremental financing districts					

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

The tax incremental finance (TIF) law permits 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. A village or city TIF district generally may exist for 20, 23, or 27 years, depending on the purpose for which the district was created. TIF-related project expenditures may not be incurred within 5 years of the maximum allowable life of a district.

Towns have a limited ability to form TIF districts. In general, a town TIF district must be one of the following types: (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. Incremental levies for an industry-specific town TIF district may be collected for no more than 16 years.

PROPOSED LAW

Under the bill, a town with an equalized value of at least \$500 million (in the year before the TIF district is formed) and a population of 5,000 or more (based on most recent decennial U. S. Census or special census) would be permitted to create TIF districts under the same law that generally applies to villages and cities.

Based on 2013 equalized value data and 2010 census populations, there are 29 towns that have an equalized value of \$500 million or more and a population of 5,000 or more. These towns are listed in the attachment.

The Department of Revenue (DOR) does not have information which would permit it to reasonably estimate the number of TIF districts the affected towns might create. However, given the urban nature of many of these towns and the growth occurring in many of them, it is expected that several of these towns are likely to create TIF districts as permitted under the bill.

STATE ADMINISTRATIVE COSTS

DOR administrative costs related to the bill are expected to be absorbed within existing budget authority.

Long-Range Fiscal Implications

**2013 AB 478: Towns with 2010 Census Population of 5,000 or More
And a 2013 Equalized Value of at least \$500 million**

Town	County	2010 Census Population	2013 Equalized Value
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Ledgeview	Brown	6,555	710,390,900
Lafayette	Chippewa	5,765	537,428,900
Middleton	Dane	5,877	1,010,281,400
Windsor	Dane	6,345	570,888,000
Washington	Eau Claire	7,182	618,155,000
Salem	Kenosha	12,067	958,976,300
Somers	Kenosha	9,597	773,269,300
Rib Mountain	Marathon	6,825	681,500,900
Buchanan	Outagamie	6,755	554,278,500
Grand Chute	Outagamie	20,919	2,268,773,300
Greenville	Outagamie	10,309	1,059,681,400
Cedarburg	Ozaukee	5,760	773,226,400
Burlington	Racine	6,502	608,486,500
Norway	Racine	7,948	764,192,300
Waterford	Racine	6,344	708,435,700
Hudson	St. Croix	8,461	800,544,600
Sheboygan	Sheboygan	7,271	683,094,000
Delavan	Walworth	5,285	897,250,800
Brookfield	Waukesha	6,116	992,266,200
Delafield	Waukesha	8,400	1,362,607,500
Genesee	Waukesha	7,340	861,565,200
Lisbon	Waukesha	10,157	1,019,198,300
Merton	Waukesha	8,338	1,389,594,500
Mukwonago	Waukesha	7,959	812,016,200
Oconomowoc	Waukesha	8,408	1,378,151,000
Vernon	Waukesha	7,601	798,058,100
Waukesha	Waukesha	9,133	887,517,600
Algoma	Winnebago	6,822	564,086,300
Menasha	Winnebago	18,498	1,394,275,300

Data sources:

2010 Census Population: State of Wisconsin Blue Book, 2011-2012

2013 Equalized Value: Wisconsin Department of Revenue