

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4996/1	Introduction Number SB-640
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Description
 workforce housing development tax incremental districts; local fees and charges; local levy limits; subdivision approval conditions; plat approval conditions; expiration of certain project approvals; division of land by certified survey map; erosion control and storm water management; limiting certain local regulatory authority; relocation benefits in condemnation proceedings; and zoning ordinance amendments

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs 3. Increase Revenue
 - Permissive Mandatory Permissive Mandatory
 - 2. Decrease Costs 4. Decrease Revenue
 - Permissive Mandatory Permissive Mandatory
- 5. Types of Local Government Units Affected**
- Towns Village Cities
 - Counties Others Metro Sewer Districts
 - School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR
 FED
 PRO
 PRS
 SEG
 SEGS

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Fiscal Estimate Narratives

DOR 12/13/2017

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Assumptions Used in Arriving at Fiscal Estimate

The Department of Revenue fiscal estimate is limited to sections on tax incremental districts (TID), levy limits, and sewerage service charges.

Workforce Housing Development TIDs

The bill creates a workforce housing development TID. The bill defines workforce housing based on a county's five-year average median income and housing costs as calculated by the U.S. Bureau of Census in its American Community Survey. The bill requires that eligible workforce housing costs a household no more than 30 percent of the gross median income and that the construction costs per housing unit is no more than 80 percent of the median price for new residential construction in the county. A workforce housing development must contain only newly platted residential uses and 100 percent of the development must be workforce housing. Under current law, new mixed use TIDs can have no more than 35 percent residential use.

The life of a workforce housing development TID is 15 years after creation compared to 27 years for blight and rehabilitation/conservation TIDs, 20 years for industrial and mixed use TIDs, 16 years for town TIDs, and 23 years for environmental remediation TIDs. Workforce housing TIDs could be exempted from impact fees that local governments can assess to new developments to pay for public services.

Under current law, a majority of a joint review board must approve the resolution creating a TID. Under the bill, a unanimous vote is required for a workforce housing TID.

The local fiscal effect is indeterminate. The bill allows for residential developments that may increase the demand for public services, such as police, fire, emergency medical services, and schools.

For Wisconsin, the U.S. Census five-year median value home estimate (2015 data) was \$306,000 for homes built 2014 or later. Workforce development housing capped at 80 percent of the median home value would be \$244,800 per housing unit. Wisconsin's gross median household income per the U.S. Census (2015 inflation adjusted) is \$53,400 and 30 percent of that is \$16,000 or \$1,335 monthly.

Levy Limit Exception

Current law establishes local levy limits for political subdivisions, defined as a city, village, town, or county. No political subdivision may increase its preceding year levy beyond its valuation factor—the percentage change in equalized value due to net new construction. Under the bill, the levy limit for a city or village is increased in addition to the valuation factor by \$1,000 for each new single-family residential dwelling unit for which a city or village issues an occupancy permit in the preceding year and is located on a parcel no more than 0.25 acre and sold in the preceding year for not more than 80 percent of the median price of a new residential dwelling unit in the city or village in the preceding year.

The local fiscal effect is indeterminate as the department does not have statistical data on dwelling unit construction activity. In 2016, the average municipal levy per improved residential parcel was approximately \$1,000.

Sewerage Service Charges

Under current law, a city, village, town, or metropolitan sewerage district may construct and operate

systems for disposing of sewage, storm water, and surface water. Current law allows a system operator to classify and charge fees to a property based on volume or peaking storm water or surface water discharge. Under the bill, no new and additional charge for services rendered by a storm and surface water system may be made for a property that retains at least 90 percent of storm water falling on the subject property.

The local fiscal effect is indeterminate as the department does not have detailed data on sewerage system revenues, costs, fees, or storm water retention.

Long-Range Fiscal Implications