

FISCAL ESTIMATE

ORIGINAL UPDATED

DOA-2048 N(R10/98)

CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

AB 68

(99-1129/1)

Amendment No. if Applicable

Subject

Allow Installment Payments of Property Taxes Regardless of Amount Owed

Fiscal Effect

State: No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

Under current law, property taxes may be paid in installments if the amount owed on a parcel, or on an improvement on leased land, is \$100 or more. Under the bill, there is no minimum tax threshold to be eligible to pay in installments. The bill does not apply to the City of Milwaukee.

Local Fiscal Effect. The fiscal effect of the bill would consist of one-time costs to program billing and collection systems and an on-going reduction in municipal interest earnings.

1. Programming Costs. Under the bill, municipalities and counties may incur one-time costs to program billing and collection systems for installments where the total tax owed is less than \$100. Municipalities and counties with in-house programmers would likely absorb programming costs but, since billing and collection systems are already designed for installments, the costs are not expected to be significant. Municipalities and counties that contract with vendors for billing and collection software typically include upgrades for law changes in the contract and so these local governments would not incur programming costs under the bill.

(continued on page two)

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	2/25/99

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2. Reduction in Municipal Interest Earnings. Based on discussions with municipal and county treasurers and a sample of 1997 tax rolls, property taxes are less than \$100 on about 10% or 180,000 of the 1.8 million parcels in towns and about 2% or 22,000 of the 1.1 million parcels in cities and villages. Assuming that the average tax affected by the bill is \$50, a total of about \$10.1 million (202,000 parcels x \$50) would be affected by the bill. About 25% of property taxes are deferred beyond the January 31 payment date and so an estimated \$2.5 million (\$10.1 million x 25%) would be deferred under the bill. Assuming that municipalities earn 5% interest, and assuming a six-month deferral, the loss of interest income under the bill would be about \$63,000 (\$2.5 million x 5% x ½ year) per year.

YEB 2/25/99

1999 Session

**FISCAL ESTIMATE
DOA-2047 N(R10/98)**

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	Amendment No.
AB 68	

Subject

Allow Installment Payments of Property Taxes Regardless of Amount Owed

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal Impact on State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$ _____	\$ - \$63,000

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