

Original  Updated  
 Corrected  Supplemental

LRB or Bill No./Adm. Rule No.  
Assembly Bill 790

Amendment No. if Applicable

**FISCAL ESTIMATE**

DOA 2048 (R 11/90)

Subject  
State Aid to Compensate for Use Value Assessment of Agricultural Land

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

Assembly Bill 790 would provide state aid payments to local units of government (including technical college districts) to compensate for the loss in property tax revenue due to the recent emergency rule promulgated by the Department of Revenue that fully implements use value assessment for agricultural land beginning in 2000. The payments would be computed by multiplying each technical college district's gross property tax rate by the amount of agricultural land value that would be removed from the district's tax base due to the DOR emergency rule. The payments would be made from a sum sufficient appropriation beginning in fiscal year 2001-02 and ending in fiscal year 2007-08.

The Legislative Fiscal Bureau estimates that the change in equalized valuations for property tax assessments in 2000 due to 100% use value is a decrease of approximately \$2.0 billion compared to estimated values under the 10-year phase-in formula (which would have provided that agricultural land be assessed 30% by use and 70% by market value). The gross tax rate for technical college district (WTCS) purposes for 1999(2000) was 1.65 mills. Consequently, an estimated \$3,300,000 GPR would be paid to WTCS districts in 2001-02 under AB 790. This payment would serve as replacement revenue for the property taxes that would have been collected from agricultural land subject to use value assessment. The net effect would be no change in the overall revenues to WTCS districts. In subsequent years, the state aid payment would decline because the comparison between the 100% use value amount and the phase-in formula amount would result in a smaller difference in valuation.

Long-Range Fiscal Implications

The state aid payments would decrease each year over the seven-year period of the proposed state aid program at which point technical college districts would be in the same position that they would have been had the ten-year phase-in formula of use value assessment been implemented.

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03/01/00