

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-4921/1	Introduction Number AB-932
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Subject
 Repeal the tax on personal property

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 special purpose districts, TIF
 - School Districts WTCS Districts

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

GPR
 FED
 PRO
 PRS
 SEG
 SEGS 20.835(1) (e)

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Fiscal Estimate Narratives

DPI 3/29/02

LRB Number 01-4921/1	Introduction Number AB-932	Estimate Type Original
Subject Repeal the tax on personal property		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, certain computers and computer related equipment are exempt from property taxes. Also under current law, the department of revenue calculates the payments that would have otherwise been due from computer owners to each taxing jurisdiction if computers were taxable. The department of revenue makes payments equal to that amount on or before the first Monday in May.

Furthermore, certain personal property is taxable. For example, office furnishings and certain business equipment are taxable under current law.

Under this bill, computers would remain exempt from property tax. However, the state would not provide aid to school districts to off-set their revenue loss due to this exemption.

Also, this bill would exempt all personal property from property tax.

This fiscal estimate only analyzes the effects of this bill on school districts and school property taxpayers. In 2001-02, the department of revenue will pay about \$28.4 million in aid to school districts in lieu of property taxes on certain types of computers.

State Fiscal Effects:

The elimination of computer aid to school districts would reduce the state's costs by \$28.4 million. The repeal of property tax on personal property would have no fiscal effect on the state.

Local Fiscal Effects:

The elimination of computer aid would permit school districts to increase their local property taxes by \$28.4 million to off-set this reduction. The number of districts that would choose to raise taxes is indeterminate. The repeal of property tax on personal property would have a redistributive effect on local school property taxpayers. Generally, the school property tax burden would be shifted from owners of personal property to all owners of real property.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
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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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			-28,400,000
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		-\$28,400,000
B. State Costs by Source of Funds			
GPR			-28,400,000
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, ets.)			
		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	\$-28,400,000		\$
NET CHANGE IN REVENUE	\$		\$Indeterminate
Agency/Prepared By		Authorized Signature	Date
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