

STATE OF WISCONSIN
REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS
2001 SENATE BILL 424

[Introduced by Senators Erpenbach, Decker, Hansen, Baumgart and Wirch; cosponsored by Representatives Huber, Underheim, Ziegelbauer, Musser, Plouff, Urban, Balow, Krawczyk, J. Lehman, Jeskewitz, Turner, Suder, Miller, Olsen, Lassa, Ott, Berceau, Gunderson, Shilling, Duff, Meyerhofer and Kaufert.]

General Nature of Proposal

Generally, 2001 Senate Bill 424 authorizes certain contiguous municipalities to jointly create a local park and recreation district that is separate and distinct from, and independent of, the state and municipalities within its jurisdiction. The bill specifies the specifics for establishing a park and recreation district, the governance of a park and recreation district and the powers of the park and recreation district board, including the ability to acquire and improve land and to lay and collect a property tax.

With respect to tax exemptions in the bill, the bill provides that income of the park and recreation district is exempt from the income tax and the district's property is exempt from the property tax. In addition, property transferred to a district is exempt from the real estate transfer fee and sales of tangible personal property or services to the district are exempt from all state and local sales taxes and use taxes.

Legality Involved

There are no questions of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates the fiscal effect of the provisions of the bill affecting a tax exemption as follows:

The bill would exempt a park and recreation district from local property taxes and from state corporate income taxes. Purchases by such districts would be exempt from state and local sales and use taxes. Transfers of property to such districts would be exempt from the real estate transfer fee.

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It is not possible to reasonably estimate the number of park and recreation districts that would be created as a result of the bill.

Based upon the above estimate, it is not possible to estimate the fiscal effect of the tax exemptions upon the state and its subdivisions. However, it is noted that the bill treats a park and

recreation district, created under the bill, in the same manner that municipalities and special purpose districts are treated under current law. Because the bill requires that park and recreation districts be formed by municipalities out of territory currently owned by municipalities it is likely that the initial effect of the above-described tax exemptions would be minimal.

Public Policy Involved

The provisions of the bill relating to tax exemptions are good public policy.

2/26/02

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