

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-1910/2	Introduction Number AB-212	
Subject		
Property tax deferrals based on improvements to residential property		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By	Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310	Blair Kruger (608) 266-1310	3/31/2005

Fiscal Estimate Narratives
DOR 4/1/2005

LRB Number 05-1910/2	Introduction Number AB-212	Estimate Type Corrected
Subject Property tax deferrals based on improvements to residential property		

Assumptions Used in Arriving at Fiscal Estimate

Current law requires taxation districts to assess property at market value.

Under the bill, a municipality would be allowed to enact an ordinance to exclude the value of improvements made to a principal dwelling unit from the unit's assessed value for up to three years.

From 2002 to 2004, the equalized value of new residential construction, including improvements, averaged \$5.6 billion per year. Based on discussions with Department appraisers, it is estimated that 15% of this amount is attributed to new improvements and 85% is attributed to new construction. If all municipalities enacted ordinances under the bill and assuming all improvements were to principal dwelling units, about \$840 million ($\$5.6 \text{ billion} \times 15\%$) of equalized value would become exempt from taxation during the first year. Over a three year period, \$2.5 billion would become exempt. At the 2003 average state property tax rate of \$20.01 per \$1,000 of property value, about \$50 million ($\$2.5 \text{ billion} \times 0.02001$) of property taxes would be shifted annually to other taxable property when the exemption is fully implemented.

Property assessment costs would increase in municipalities that enact ordinances to exclude the value of improvements for three years as assessors would be required to monitor the amounts of excluded improvements and the length of exclusions.

State forestry revenues would decrease by \$0.5 million ($\$2.5 \text{ billion} \times 0.0002$) under the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 05-1910/2		Introduction Number AB-212	
Subject			
Property tax deferrals based on improvements to residential property			
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			
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			-500,000
TOTAL State Revenues		\$	\$-500,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-500,000	\$
Agency/Prepared By		Authorized Signature	Date
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