

Fiscal Estimate Narratives

DOR 11/23/2005

LRB Number	05-4041/1	Introduction Number	SB-431	Estimate Type	Original
Description Distributing the school levy and lottery and gaming property tax credits					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the lottery and gaming credit is paid to municipalities on the fourth Monday in March. The municipal treasurer must settle for the credit with the county by April 15, and the county treasurer must settle with each taxation jurisdiction (except first class cities) by August 20. Under the bill, the lottery and gaming credit would be paid to counties on the fourth Monday in March. The county treasurer would be required to settle for the credit with each taxation jurisdiction by April 15.

Under current law, the school levy credit is paid to municipalities on the fourth Monday in July. The municipal treasurer must settle for the credit with the county by August 15, and the county treasurer must settle with each taxation jurisdiction (except first class cities) by August 20. Under the bill, the school levy credit would be paid to counties on the fourth Monday in July. The county treasurer would be required to settle for the credit with each taxation jurisdiction by August 20.

The governmental unit that holds credit funds from the date they are received to the day when settlement occurs can earn interest on those funds. While current law permits both municipalities and counties to earn such interest, under the bill only counties would be able to earn such interest. The Department of Revenue does not know when municipalities settle for the credits. However, anecdotal evidence indicates that most municipalities settle for the credits within a few days of receiving the funds from the state. Therefore, the loss in interest earnings for municipalities engendered by this bill is expected to be minimal. The potential change in interest earnings for counties would depend on when they would settle with taxation jurisdictions. The Department of Revenue is unable to predict when such settlement would occur. However, given the short period of time between when credits are paid and settlement must occur, any change in county interest earnings is expected to be minimal.

Long-Range Fiscal Implications