

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-3808/1	Introduction Number AB-0784	
Description Authorizing the creation of local park districts, authorizing a local park district to levy a property tax, authorizing a local park district to apply for funding from certain programs administered by the Department of Natural Resources, and authorizing a local park district to impose impact fees and issue debt		
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 checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Park districts</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Affected Ch. 20 Appropriations		
Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature Paul Ziegler (608) 266-5773	Date 2/19/2008

Fiscal Estimate Narratives

DOR 2/19/2008

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Assumptions Used in Arriving at Fiscal Estimate

Under the bill, one or more municipalities, one or more counties, or any combination of municipalities and counties could create a park district. A park district would be a separate governmental entity, independent of the municipalities and counties that formed it. A park district would have the authority to acquire, develop, maintain, improve, operate, and manage parks, park facilities, recreational facilities, or recreational programs.

The Department of Revenue is unable to predict the number of park districts that might be formed as a result of the bill. Given this limitation, the fiscal effects of the bill are expected to be as follows:

Property taxes levies: Park districts could levy a tax of up to 1 mill (\$1.00 per \$1,000) on the equalized value of taxable property within the district. A higher rate could be imposed if approved by the park district board and by voters at a referendum. For 2007, a park district's tax levy may not increase by more than greater of (a) 3.86% or (b) the percentage increase in its equalized value due to net new construction. For 2008, a park district's tax levy may not increase by more than greater of (a) 2.00% or (b) the percentage increase in its equalized value due to net new construction. To the extent that voters are willing to pay higher taxes to support a park district, this part of the bill may increase property taxes when compared to current law.

Local expenditures: Counties and municipalities may have short-term cost increases or decreases due to the creation of park districts, depending on changes in the level and type of services provided, plus any changes in administrative responsibilities. In the year the park district is created, the establishing governments must reduce their tax levy by an amount equal to the prior year's levy for park and recreational activities that are transferred to the park district.

Impact fees: A park district could impose impact fees on developers to recover capital costs caused by the development. A park district may be more or less willing to impose such fees when compared to municipalities. As a result, the effect of this part of the bill is indeterminate.

Property tax exemption: The property of a park district would be exempt from property taxes. Since most, if not all, park district property would already be exempt from taxes (since it would be owned by counties or municipalities), this part of the bill should have no effect on property tax levies and the property tax base.

Real estate transfer fee: Transfers of property to a park district would be exempt from the real estate transfer fee (\$0.30 per \$100 of value transferred). The fee is paid when the instrument transferring the property is recorded with the county register of deeds. The county retains 20% of the fee and remits the remainder to the state. This part of the bill will reduce county and state revenues from the fee by an unknown amount. However, since it is probable that few, if any, transfers of parkland would occur if not for the provisions of the bill, this fee exemption will have little fiscal impact.

Income and sales taxes: The income of a park district would be exempt state income taxes. Park district purchases would be exempt from state and local sales taxes. Since the same exemptions hold for counties and municipalities, this part of the bill should have no effect on state tax collections.

The Department of Revenue (DOR) would need to determine an equalized value for any park district created under the bill. DOR would also have to make significant changes in its systems for property assessment and property tax collection oversight. As a result, DOR would incur one-time costs of \$37,000 and continuing, annual costs of \$12,700.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The Department of Revenue would incur one-time costs of \$37,000 to rewrite several of its computer systems regarding property assessment, property tax collection and settlement, and determination of equalized values.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$12,700	\$
	(FTE Position Changes)	(0.3 FTE)	
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$12,700	\$
B. State Costs by Source of Funds			
	GPR	12,700	
	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		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$12,700	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Daniel Huegel (608) 266-5705		Paul Ziegler (608) 266-5773	2/19/2008