

Fiscal Estimate Narratives

DOR 10/14/2011

LRB Number	11-2287/1	Introduction Number	AB-0257	Estimate Type	Original
Description A Milwaukee County sales and use tax for parks, recreation and culture, transit services, and public safety					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, counties may impose a sales and use tax of 0.5%. The tax may be imposed only for the purpose of directly reducing the property tax levy. The Department of Revenue collects and administers the county sales and use tax. DOR distributes 98.25% of county sales tax collections to the appropriate counties and retains 1.75% of collections for administrative expenses.

Under the bill, Milwaukee County would be permitted to impose an additional sales and use tax of up to 1.0% to fund parks, recreation and culture, transit services, and public safety. Under the bill, if the tax is adopted, Milwaukee County will not be able to levy property taxes these functional areas. Based on information from the 2011 Milwaukee County Operating Budget, Milwaukee County's property tax levy for parks, recreation, and culture; transit systems; transportation services; and the Office of the Sheriff totaled \$166.2 million in 2009.

In FY2011, Milwaukee County's 0.5% county sales and use tax generated approximately \$64.3 million, 98.75% of which was distributed to Milwaukee County. Assuming Milwaukee County adopts 1.0% sales and use tax permitted under the bill, it is estimated that the tax will generate \$128.6 million. After reduction for DOR's administrative fee, Milwaukee County would receive distributions totaling approximately \$126.3 million on an annual basis.

While DOR does not have information to determine the degree to which the county's reported 2009 levy for the areas identified above (parks, recreation, and culture; transit systems; transportation services; and the Office of the Sheriff) reflect anticipated future levies for these services or matches the functional areas for which the county would no longer be able to levy a property tax if it adopts the additional tax allowed under the bill (parks, recreation and culture, transit services, and public safety), the additional sales tax revenue generated under the bill may not be sufficient to replace the expected property tax revenue reduction for these functions.

The Department of Revenue's administrative fee would be approximately \$2.3 million if the maximum sales and use tax of 1.0% is imposed.

The department's administrative costs would be covered by the increase in fee revenues.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description A Milwaukee County sales and use tax for parks, recreation and culture, transit services, and public safety			
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 (20.566(1)(g))			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$varies by rate	\$varies by rate	
Agency/Prepared By			
DOR/ Robert Schmidt (608) 267-9892		Authorized Signature	
		Paul Ziegler (608) 266-5773	
Date			
10/14/2011			