

Fiscal Estimate Narratives

DOR 3/5/2012

LRB Number	11-3472/1	Introduction Number	AB-0559	Estimate Type	Original
Description Authorizing the creation of regional transit authorities and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

2009 Wisconsin Act 28, the 2009-11 biennial budget, authorized certain municipalities to create Regional Transit Authorities (RTAs) and impose a sales tax of up to 0.5% within the authority's jurisdiction to fund transit systems. 2011 Wisconsin Act 32, the 2011-13 biennial budget, removed the authority for municipalities to create RTAs and dissolved the existing transit authorities.

The bill authorizes the creation of RTAs with the same powers and authorities as provided under 2009 Wisconsin Act 28. Under the bill, two or more political subdivisions (towns, villages, cities, and counties) located in whole or in part within an urbanized area may create an RTA (except Milwaukee County may create an RTA separately). Urbanized areas are defined by 23 United States Code 134 (b) (6) which defines an "urbanized area" as a geographic area with a population of at least 50,000 as designated by the US Census Bureau. The classification of urbanized areas and urban clusters is not yet released for the 2010 decennial census. Based on the 2000 decennial census, Wisconsin contains 16 urbanized areas. The 16 urbanized areas contain 20 counties and 105 municipalities.

Under the bill, the governing body of a political subdivision must pass a resolution that authorizes the political subdivision to become part of an RTA. In addition, each resolution must be ratified by electors at a referendum held in the political subdivision. The jurisdictional area of an RTA created under the bill (excluding Milwaukee County) is the territorial boundaries of the municipalities that make up the authority. Political subdivisions are not permitted to join more than one RTA under the bill. Counties may only create or join an RTA if at least one municipality within that county is part of the RTA. This restriction does not apply to Milwaukee County, which can create a single member RTA, the jurisdiction of which would be the entirety of Milwaukee County.

Under the bill, an RTA may adopt a sales tax of up to 0.5% that would be imposed in the authority's jurisdictional area. The Department of Revenue (DOR) would retain 1.5% of the amounts collected for the department's costs of administering the tax on behalf of the RTA.

Under the bill, political subdivisions that are part of an RTA that imposes a sales tax may not levy property taxes for transit purposes in excess of the amount of property taxes levied for transit purposes in the year before the year in which an RTA tax is imposed.

The fiscal effect of the bill depends on the number and size of the RTAs created and the sales tax rates adopted by the authorities. The administrative cost of the bill itself is minimal as it simply provides authority for the creation of RTAs. Depending on the tax rates and number of RTAs established, DOR administrative costs associated with RTA sales taxes could substantially exceed the amount collected from the administrative fee as proposed.

The Streamlined Sales and Use Tax Agreement (SSUTA) requires that DOR notify filers of local sales tax rates changes at least 120 days prior to the effective date. Under the bill, however, an RTA sales tax could become effective within a shorter period. As written, the bill would require DOR to provide written notification to sales tax filers at a cost of approximately \$27,000 each time an RTA sales tax effective date provides less than 120 days notice to filers. If, however, the bill is amended to ensure the required 120 days notice, the notification could be provided through existing channels at no additional cost.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Authorizing the creation of regional transit authorities and making appropriations			
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, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$see text	
NET CHANGE IN REVENUE	\$	\$see text	
Agency/Prepared By			
DOR/ Robert Schmidt (608) 267-9892		Authorized Signature	
		Paul Ziegler (608) 266-5773	
Date			
3/5/2012			