

Fiscal Estimate Narratives

DOR 8/15/2013

LRB Number	13-1424/1	Introduction Number	AB-0177	Estimate Type	Original
Description Transferring technical college district assets, liabilities, and employees to the technical college system board; limiting the authority of technical college district boards and prohibiting them from levying property taxes; increasing the rate of the state sales tax and use tax, and requiring a referendum					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, Wisconsin Technical Colleges are funded, primarily, by local property taxes. The bill would submit a referendum question at the spring election in April 2014 that, if approved by majority vote, would prohibit the technical college district boards from levying property taxes and would increase the state sales tax from 5 percent to 6 percent effective July 1, 2015.

The referendum would transfer technical district assets, liabilities, and employees to the Wisconsin Technical College System (WTCS) Board, a state agency. The bill requires the WTCS Board to submit a transfer plan to the Joint Committee on Finance. The bill also directs the Legislative Reference Bureau to prepare a bill that reconciles the statutes with the provisions in the referendum and the WTCS Board plans, as modified by the Joint Committee on Finance.

Fiscal effects of the tax related provisions of the bill:

Property Tax

The 2012-13 WTCS property taxes totaled \$786.8 million. Over the last 10 years, the WTCS property tax levy increased at an average annualized rate of 3.7%. Assuming this rate continues, the 2015-16 property tax levy would reach \$878.4 million. Passage of the referendum would prohibit the levy, resulting in a local tax revenue decrease of \$878.4 million.

State Sales Tax

According to the May 9, 2013 revenue estimates prepared by the Legislative Fiscal Bureau, FY15 sales/use tax revenue is expected to reach \$4.610 billion. Assuming the FY14-FY15 growth rate continues, FY16 sales and use tax revenues would reach \$4.723 billion. Increasing in the state sales tax rate from 5 percent to 6 percent would result in a revenue increase of \$944.6 million in FY16.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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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		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$see text	\$see text
NET CHANGE IN REVENUE		\$see text	\$see text
Agency/Prepared By		Authorized Signature	Date
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