

Fiscal Estimate Narratives

DOR 1/16/2014

LRB Number	13-3978/1	Introduction Number	SB-499	Estimate Type	Original
Description Creating a property tax exemption for a nonprofit youth baseball association					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, land (not exceeding 6 acres), buildings, and personal property owned or leased by a nonprofit youth baseball association would be exempt from real and personal property taxation. The exemption would take effect for the assessment on January 1, 2014.

Based on a list of nonprofit organizations that qualify as charities for federal income tax purposes (Internal Revenue Service Publication #78), there are 117 nonprofit baseball related organizations based in Wisconsin, of which 61 (based on the organization's name) are clearly associated with youth baseball. The IRS list includes only those organizations that have registered with the IRS and have filed sufficient information to effectively prove their tax exempt status. It is therefore possible that additional nonprofit organizations involved with youth baseball exist. Many of the youth baseball associations in the state use public parks, or do not provide adequate information about what facilities they use on a regular basis.

Based on information from the IRS, the Department of Revenue (DOR) was able to identify only one property owned by a youth baseball association that would qualify for the exemption, and the property is located in the city of Milwaukee. There may be more properties that could be exempt under the bill, however. Assessed value of the property was \$605,000 in 2012, and the property tax levy was approximately \$18,600. The State of Wisconsin imposes a property tax at a rate of \$0.1697 per \$1,000 equalized value for forestry purposes; the state tax levy for the property was estimated to be about \$107. It should be noted that this particular property is located in an urban area where property values are generally higher, and many of the youth baseball associations in Wisconsin are located in rural areas.

Costs to the DOR for updating its assessment manual and notifying assessors of the law change can be absorbed within current budgetary resources.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Creating a property tax exemption for a nonprofit youth baseball association			
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	\$		\$
NET CHANGE IN REVENUE	\$see text		\$see text
Agency/Prepared By			
DOR/ Yuko Iwata (608) 267-9892		Authorized Signature	
		Robert Schmidt (608) 267-9892	
			Date
			1/16/2014