

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>17-0373/9</b>	<b>Introduction Number</b> <b>AB-0386</b>
------------------------------------	---

**Description**  
 property tax assessments based on comparable sales and market segments

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
--	--	---

**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
--	--	--

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Craig Steinfeldt (608) 266-5705	Robert Schmidt (608) 266-5773	6/16/2017

## Fiscal Estimate Narratives

DOR 6/16/2017

LRB Number	17-0373/9	Introduction Number	AB-0386	Estimate Type	Original
<b>Description</b> property tax assessments based on comparable sales and market segments					

### Assumptions Used in Arriving at Fiscal Estimate

Under the bill, the assessor shall consider the following as comparable in property assessments: (1) sales or rentals of properties exhibiting the same or a similar highest and best with placement in the same real estate market segment; (2) sales or rentals of properties that are similar to the property being assessed with regard to age, condition, use, type of construction, location, design, physical features, and economic characteristics, including occupancy and potential to generate rental income. A property is not comparable if a seller places any deed restrictions that changes the highest and best use, impairs the property's marketability, or a property is a dark property.

The term dark property is defined under the bill as a property that is vacant or unoccupied beyond the normal period for property in the same real estate market segment. The bill defines highest and best use as a use that is legally permissible, physically possible, financially feasible, and that provides the highest net return. The bill also defines real estate market segment as a pool of potential buyers and sellers, including investors or owner-occupants that typically buy or sell properties similar to assessed property. The pool of buyers and sellers may be found locally, regionally, nationally, or internationally.

### Fiscal Estimate

The fiscal estimate is indeterminate as the department lacks parcel level data and cannot determine the scale and scope of changes in property assessments as a result of the bill. To the extent the assessment standards result in higher assessments for affected property, the bill will shift a higher portion of the property tax levy to those properties.

The impact on tax increments is indeterminate and dependent upon the location of properties that may be assessed at higher levels as a result of the bill.

### Long-Range Fiscal Implications