

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-0322/1	Introduction Number SB-189
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Description
 eliminating the personal property tax and making an appropriation

Fiscal Effect

State:

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

Local:

<input checked="" type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<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	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.835(1)(f)

Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Ann DeGarmo (608) 266-7179	Date 3/24/2021
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Fiscal Estimate Narratives

DOR 3/24/2021

LRB Number	21-0322/1	Introduction Number	SB-189	Estimate Type	Original
Description eliminating the personal property tax and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

The bill exempts all personal property under Chapter 70 beginning with January 1, 2021 property tax assessments. Under the bill, improvements on leased land would be assessed as real property beginning with the tax exemption. Beginning in 2023, each taxing jurisdiction will receive a payment to compensate it for its loss in personal property equal to the payment received in the previous year. After a tax increment district (TID) closes, the taxing jurisdiction shall retain the TID amount. Current law also provides a general program revenue (GPR) transfer to the conservation fund based on equalized values of the state.

Fiscal Estimate

Based on 2020 assessed values and preliminary 2020-21 property tax data, the department estimates the bill's revenue loss and state aid payments to local taxing jurisdictions at \$188,573,700.

Under the bill, FY 2021 GPR transfers to the conservation fund would have declined by an estimated \$1,491,100 due to lower equalized values. The FY 2021 conservation fund transfer totaled \$104,049,300 for forestry programs managed by the Department of Natural Resources.

The bill will reduce the increment value of most tax increment districts (TID). For uniformity with new TID districts, the department will need to re-determine each TID's base value. Compared to current law, future TIDs will have less taxable property upon which increment may be generated. Since a breakdown of increment value is not available by property class, the impact on increment value is indeterminate.

Administrative Costs

The department cannot absorb annual costs of \$20,500 and one-time costs of \$1,391,000 to re-determine TID bases, update computer programs and revise forms.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description eliminating the personal property tax and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$1,391,000			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$20,500		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance	188,573,700		
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$188,594,200		\$
B. State Costs by Source of Funds			
GPR	188,594,200		
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	\$188,594,200	\$	
NET CHANGE IN REVENUE	\$	\$	
Agency/Prepared By		Authorized Signature	
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		Date	
		3/24/2021	