

FISCAL ESTIMATE

ORIGINAL UPDATED

DOA-2048 N(R10/98)

CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

LRB 1379/1

AB 219

Amendment No. if Applicable

Subject

Create Property Tax Exemption on Real Property Used for Nonprofit Activities

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
- Counties Others
- School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a property tax exemption for any portion of real property used exclusively in nonprofit activities by a community, local association or local organization. To qualify for exemption under the bill, neither the owner of the property nor the community or organization using the property is required to be an exempt entity, although the owner of the property may not derive profit from such use. A property that was entirely and exclusively used in a nonprofit activity would be wholly exempted under the bill, whereas a property that was only partly used in a nonprofit activity would be exempt-in-part for that portion.

The bill departs from current law in several ways. First, it departs from the general requirement that exempt property be owned and used exclusively by exempt entities. Second, those properties used in nonprofit activities that are explicitly denied exemption under current law, such as sororities/fraternities and nonprofit health maintenance organizations and nonprofit corporations which service guaranteed student loans, would be exempt under the bill to the extent that they are exclusively used for nonprofit activities.

(continued on page two)

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Rebecca Boldt, (608) 266-6785	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	3/12/99

Possible applications of the exemption created by the bill include little league or soccer playing fields, volley ball courts owned by an adjacent tavern, land for annual festivals, office or warehouse space used by charitable organizations such as the Salvation Army and food banks as well as property used by political campaign committees, medical clinics and university fraternities.

The bill would result in a shift of property taxes from owners of affected property to other property owners. While the initial property tax shift is assumed to be minor, it is possible that the bill could result in many properties used for nonprofit activities becoming exempt over time.

Local assessment costs would increase under the bill, as assessors would be required to determine 1) what portion of the property was used exclusively in nonprofit activities, and 2) whether such use resulted in pecuniary profit for the property owner.

The bill would require modification to the Wisconsin Property Assessment Manual, the cost of which could be absorbed.

1999 Session

**FISCAL ESTIMATE
DOA-2047 N(R10/98)**

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LRB or Bill No./Adm. Rule No. LRB 1379/1	Amendment No. AB 219
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Subject

Create Property Tax Exemption on Real Property Used for Nonprofit Activities

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 State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe (FTE Position Changes)	\$ -	\$ -
State Operations-Other Costs	(FTE)	(- FTE)
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 of fiscal note.	\$ See text of fiscal note.
NET CHANGE IN REVENUES	\$	\$

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