

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-1455/6
INTRODUCTION # AB 738
Admin. Rule #

Subject
 Property Tax Exemption for Economically Unviable Property

Fiscal Effect
State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

Local: No Local Government Costs **see text of fiscal note**

1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations
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Assumptions Used in Arriving at Fiscal Estimate:

The bill exempts from the property tax "economically unviable property", defined as a portion of a parcel of real property that:

1. Cannot be used to build a structure with a value greater than \$1,000 because of restrictions imposed by state law, local ordinance or local resolution,
2. Cannot be used for agricultural purposes, except pasture, because of restrictions imposed by state law, local ordinance or local resolution, and
3. Is not being used, and was not used in the prior taxable year, for recreational or educational purposes that generate income.

Under the bill, an owner of economically unviable property may submit an affidavit to the taxation district clerk identifying such property and explaining its economic unviability. The Board of Review, Board of Assessors or governing body of the taxation district determines whether the property is economically unviable. If the property is determined to be economically unviable, the clerk enters the exempt property separately on the assessment roll. If property is determined not to be economically unviable, the bill allows the owner to appeal the determination as an unlawful tax.

Data are not available to reliably estimate the number or value of economically unviable properties.

The bill creates a property tax exemption for a portion of a parcel of real estate. However, the underlying considerations which determine the fair market value of the parcel will not change under the bill. In some cases, the assessed value of the taxable portion of the parcel may increase such that the total assessment is unaffected and there is no change in the property tax. In other cases, the assessment is calculated based on an average per acre value, and the total assessment of a parcel would decrease by the average

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 	Date 3/2/00
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per acre value times the number of exempt acres. As a result, taxes would be shifted to other taxable property in the taxing jurisdiction.

Taxation districts would incur administrative costs to process affidavits, make determinations and revise assessment rolls under the bill. Taxation districts would also incur legal costs to defend determinations.

YCB 3/2/00

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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Subject

Property Tax Exemption for Economically Unviable Property

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:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe (FTE Position Changes)	\$	\$ -
	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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
NET CHANGE IN REVENUES	\$ _____	\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Blair P. Kruger, (608) 266-1310	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	3/2/00