

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4583/2

INTRODUCTION # AB 839

Admin. Rule #

Subject

Exempting Equipment Rented by Hardware Stores from Property Tax

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

see text

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 exempts from property tax equipment rented for temporary use by owners classified in North American Industrial Classification System industry number 444130, hardware stores.

In addition, the bill replaces the statutory references to the 1987 Standard Industrial Classification (SIC) Manual, as they relate to the assessment of manufacturing property and rented personal property, with references to the 1997 North American Industrial Classification System.

According to the Midwest Hardware Association, the majority of the 550 hardware stores in Wisconsin have less than \$1,000 of rental property although some stores have up to \$100,000 of such property. Assuming the average store has \$5,000 of rental property, the bill would exempt about \$2.8 million (\$5,000 x 550) of property. Under the foregoing assumption, at an average net tax rate of \$22 per \$1,000, about \$62,000 (\$2.8 mil. X 0.022) of property taxes would be shifted from hardware stores to owners of other taxable property.

SEG state forestry taxes would decrease by about \$600 (\$2.8 mil. X 0.0002) under the bill.

The bill would require minor revisions to the *Wisconsin Property Assessment Manual*. Costs of the revisions would be absorbed.

Long-Range Fiscal Implications:

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