

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-4025/1

INTRODUCTION # AB 645

Admin. Rule #

Subject

Exclude ATMs from the Property Tax Exemption for Computers

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 of fiscal note

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

20.835 (1) (e)

Assumptions Used in Arriving at Fiscal Estimate:

Current law exempts computers, servers, terminals, monitors, disk drives and electronic peripheral equipment from property tax; equipment with embedded computerized components is taxable. The Department advises assessors and computer owners that automatic teller machines (ATMs) are exempt computers. Under current law, the state pays taxing jurisdictions the amount of taxes that would have been levied on exempt computer property, had it been taxable.

The bill provides that ATMs are not exempt from property tax. In consequence, state payments for exempt computer property would be lower under the bill.

Based on data from a major provider of ATM services in the state, there are an estimated 4,250 ATMs in Wisconsin. Of these, an estimated 1,700 are cash dispenser ATMs and about 2,550 ATMs accept deposits as well as dispense cash.

According to a major manufacturer of ATMs, cash dispenser ATMs cost about \$16,000 while deposit-accepting ATMs cost about \$25,000. Assuming the typical ATM is 2 years old, it would be about 50% depreciated, according to the department's recommended computer depreciation schedule. Under the 50% depreciation assumption, the average value per cash dispenser ATM is \$8,000 and the total value of cash dispenser ATMs is about \$13.6 million (\$8,000 x 1,700). Similarly, the average value per deposit-accepting ATM is \$12,500 and the estimated total value of deposit-accepting ATMs is about \$31.9 million (\$12,500 x 2,550). Thus, the estimated total value of ATMs is about \$45.5 million (\$13.6 mil. + 31.9 mil.).

The first computer aid payments will be made in May 2000 based on the value of exempt computer property in 1999, totaling \$2,550 million, and 1999 tax rates. The total payment is expected to be \$64.5 million.

(continued on page two)

Long-Range Fiscal Implications:

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	1/28/00

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AB 645 (LRB 4025/1)

Page 2

Under current law, a portion of that payment is attributable to exempt ATMs. As noted, exempt ATMs are valued at about \$45.5 million or 0.18% ($\$45.5 \text{ mil.} / \$2,550 \text{ mil.}$) of the total value of exempt computer property. Under the bill, the state would not pay aids on ATMs so the computer aid payment would decline by 0.18% or by \$1.2 million ($0.18\% \times \64.5 mil.).

Assuming computer aid payments attributable to exempt ATMs are exactly equal to the property taxes that would be levied on ATMs, were they taxable, the bill would have no fiscal effect on local units of government.

YEB 1/28/00

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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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)	(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		
GPR Computer aid under s. 20.835 (1) (e)	\$	\$ - 1,200,000
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	\$ - 1,200,000	\$ see text of fiscal note
NET CHANGE IN REVENUES	\$	\$

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