



**Fiscal Estimate Narratives**  
**DOR 3/25/02**

LRB Number 01-0222/1	Introduction Number AB-918	Estimate Type Original
<b>Subject</b> Personal property tax exemption for computers		

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, computers and related equipment are exempt from property tax. While automatic teller machines are not expressly exempt, the state and local assessors treat automatic teller machines as exempt computer personalty. Under current law, the state pays each taxing jurisdiction a state aid equal to the value of exempt computers in the jurisdiction in the preceding year multiplied by the preceding year's full value gross tax rate of the jurisdiction.

Under the bill, the exemption for computers would not apply to automatic teller machines.

Based on data from a major provider of ATM services in the state, there are an estimated 4,250 ATMs in Wisconsin. It is estimated that the acquisition cost of these machines averages \$20,000. Assuming the average machine is 2 years old, they would be subject to 50% depreciation under the state-prescribed 4-year conversion factor. As a result, the taxable value of automatic teller machines would be \$42.5 million [4,250 x (\$20,000 x .5)].

Assuming a statewide average gross tax rate of \$22.50 per \$1,000 of full value, the bill would result in a reduced state aid payment equal to approximately \$958,000 [\$42.5 million x .02250].

The bill would have no fiscal effect on local governments to the extent that the reduced state aid payment would be offset by a widened property tax base.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 01-0222/1	<b>Introduction Number</b> AB-918	
<b>Subject</b>		
Personal property tax exemption for computers		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		-958,000
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$-958,000</b>
<b>B. State Costs by Source of Funds</b>		
GPR		-958,000
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$-958,000	\$See
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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