

## Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-1452/3</b>	<b>Introduction Number</b> <b>AB-601</b>
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**Subject**

Creation of park districts

**Fiscal Effect**

**State:**

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations<br><input type="checkbox"/> Decrease Existing Appropriations<br><input checked="" type="checkbox"/> Create New Appropriations | <input checked="" type="checkbox"/> Increase Existing Revenues<br><input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs |
|--|---|---|

**Local:**

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> No Local Government Costs<br><input type="checkbox"/> Indeterminate<br>1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <b>5. Types of Local Government Units Affected</b><br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Park &amp; recreation districts</u><br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|---|

**Fund Sources Affected**

GPR     FED     PRO     PRS     SEG     SEGS 20.566 (1) (gc), 20.835 (4) (gc)

**Affected Ch. 20 Appropriations**

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## Fiscal Estimate Narratives

DOR 11/21/01

LRB Number 01-1452/3	Introduction Number AB-601	Estimate Type Original
<b>Subject</b> Creation of park districts		

### Assumptions Used in Arriving at Fiscal Estimate

Under the bill, two or more contiguous municipalities (except for municipalities with a majority of their territory in Milwaukee County) could jointly create a park and recreation district. Such a unit would be a local unit of government separate and distinct from its underlying municipalities.

The bill would exempt a park and recreation district from local property taxes and from state corporate income taxes. Purchases by such districts would be exempt from state and local sales and use taxes. Transfers of property to such districts would be exempt from the real estate transfer fee.

Under the bill, a park and recreation district board would have the power to impose a sales and use tax, a property tax, or both. A sales and use tax of 0.1% could be imposed if approved by both the district board and by a majority of the district's electors voting on the resolution to impose the tax. The board may also impose a property tax of no more than 0.6 mill, less any sales taxes collected in the prior year.

If a sales tax is imposed, the tax shall be collected by the Department of Revenue (DOR), which would retain 1.5% of the taxes collected to pay the costs of collecting the tax and distribute the remaining 98.5% to the district.

It is not possible to reasonably estimate the number of park and recreation districts that would be created as a result of the bill. It is therefore not possible to estimate the amount of property taxes or sales and use taxes that such districts would impose.

Based on its experience with administering other local sales and use taxes, DOR estimates that the bill would result in one-time development costs of \$588,200 and initial processing costs of \$164,500 in FY02, and ongoing costs of \$346,000 beginning in FY03. The bill allows DOR to retain 1.5% of collections to cover its costs of administering the proposed tax. DOR is unable to reasonably estimate the number of park districts that may form as a result of the bill and how many of these districts will adopt the sales tax. DOR is therefore unable to reasonably estimate the amount of park district sales taxes it will retain. However, it is highly likely that the amount of park district sales taxes retained by the Department would be insufficient to cover ongoing costs. To recover ongoing costs, tax collections from the 0.1% park district tax would need to be \$23 million ( $\$346,000 / 1.5\%$ ). This is less than the amount generated by the five-county 0.1% tax imposed by the Southeast Wisconsin Regional Baseball Park District in 2000. The state's share of collections would also be insufficient to fund initial development costs.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number 01-1452/3</b>		<b>Introduction Number AB-601</b>	
<b>Subject</b>			
Creation of park districts			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$752,700 in FY02			
<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		\$231,200	
(FTE Position Changes)		(5.0 FTE)	
State Operations - Other Costs		114,800	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$346,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		346,000	
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		\$346,000	\$
NET CHANGE IN REVENUE		\$See text	\$See text
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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