

Fiscal Estimate Narratives
DOA 1/6/2004

LRB Number	03-3663/1	Introduction Number	SB-341	Estimate Type	Original
Subject					
Allow towns to receive taxes from land annexed by a city or village					

Assumptions Used in Arriving at Fiscal Estimate

While the specific costs of paying over five years an amount equal to town taxes will vary by the areas actually annexed and the town tax rates, some research provides information on the dimension of the cost of this proposal.

The Department of Revenue maintains data on the increase and decrease of valuation due to annexations. For 2002, the last year that data is available the decrease in valuation attributed to annexation was \$106 million. For this estimate it is assumed this is town valuation. The Wisconsin Bluebook shows that in 2001 the state average full value tax rate was \$22.54 per \$1,000. While many jurisdictions may be under and some above, using the average gives a sense of dimension to the effect. Thus, the calculated number would be approximately \$2.4 million annually. So the potential effect could be estimated in the range of \$2 million to \$2.5 million annually that would be paid by villages and cities to towns.

This estimate also assumes no other state aid formulas are adjusted to reflect these added costs to cities and villages or for the added revenues to towns.

Long-Range Fiscal Implications

Ongoing costs. The \$2 million estimate above, spread over five years would be \$10 million. New and ongoing annexations over a period would add increments each year.