

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-2261/1	Introduction Number AB-0255	
Description Department of Administration advisory review of certain annexations		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5.Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s.20.505(1)(iu)		
Agency/Prepared By DOA/ Nancy Foss (608) 266-5877	Authorized Signature Martha Kerner (608) 266-1359	Date 4/16/2007

Fiscal Estimate Narratives

DOA 4/17/2007

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Description Department of Administration advisory review of certain annexations					

Assumptions Used in Arriving at Fiscal Estimate

If enacted this bill would amend section 66.0217(6)(a), Wis. Stats., to extend advisory DOA review of municipal annexations to all Wisconsin counties. Currently only annexations in counties with 50,000 or more persons must be reviewed by DOA. Currently twenty-seven (27) counties meet this population threshold. The bill also creates an additional public interest review factor relating to local tax impacts for DOA to consider in reviewing annexations over 20 acres.

State Fiscal Effect:

The bill will increase DOA staff workload. It also results in an increase in program revenue associated with annexations.

Based on the volume of annexations in past years, the Department estimates that statewide review will increase the total number of annexations reviewed by 20%, or approximately 50 additional annexations per year. Section 16.53 (14), Wis. Stats., authorizes the Department to prescribe and collect an annexation review fee. Currently this is a two-part fee, a \$200 filing fee plus a variable acreage fee ranging from \$200-\$2,000. The 277 annexations reviewed in 2004 resulted in an average fee of \$575 per annexation. Based on 50 additional annexations, the bill would result in additional program revenue to the department of about \$29,000.

The bill would result in increased staff workload, including:

- One-time costs to educate counties on the annexation process. The department's annexation web site includes extensive training materials so the added cost will be minimal and can be handled within current resources.
- Increase workload to review annexations. Annexation reviews require between one and four hours to process and analyze. Therefore, reviewing an additional 50 annexations would require a maximum of 200 hours annually or \$7,000 based on \$35 per hour salary and fringe rate. Due to declining volume from current annexations the program can absorb this workload.
- Increased workload to review a new requirement for a tax base impact estimate for annexations over 20 acres. The bill does not specify the form of the estimate, its calculation, or how the department is to interpret the estimate. Therefore, one-time additional costs will be incurred to develop a system to implement this new factor. This would likely take the form of a committee composed of major stakeholders such as the Towns Association, League of Wisconsin Municipalities, Alliance of Cities, and UW Extension. Until the committee completes its work the department cannot estimate the additional workload associated with reviewing these impact statements.

Local fiscal effect:

The bill would increase local costs and staff workload. The bill requires that annexations in counties with fewer than 50,000 people be reviewed by the department and include an annexation review fee. In the 27 counties already reviewed by DOA, this fee is typically paid by petitioner (often a private sector landowner), though sometimes the annexing city or village pays.

The tax impact estimate affects all annexing jurisdictions in the state by adding a new requirement for annexations. All cities and villages will need to prepare tax impact estimates for annexations greater than 20 acres. Municipal staff time will be required to prepare the estimates on an ongoing basis. Cities and villages statewide will incur additional costs to publish tax impact estimates as a class 1 notice prior to adopting an annexation ordinance.

Long-Range Fiscal Implications

Unknown

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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 Corrected
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Description Department of Administration advisory review of certain annexations			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$7,000	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$7,000	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS		7,000	
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		29,000	
SEG/SEG-S			
TOTAL State Revenues		\$29,000	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$7,000	\$
NET CHANGE IN REVENUE		\$29,000	\$
Agency/Prepared By		Authorized Signature	Date
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