

Fiscal Estimate - 2007 Session

Original

 Updated

 Corrected

 Supplemental

LRB Number 07-0939/1	Introduction Number AB-0299
Description Temporarily excluding improvements to a principal dwelling from the assessment of property taxes	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input 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 checked="" 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 type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DOR/ Pamela Walgren (608) 266-7817	Paul Ziegler (608) 266-5773
	Date
	5/23/2007

Fiscal Estimate Narratives

DOR 5/24/2007

LRB Number	07-0939/1	Introduction Number	AB-0299	Estimate Type	Original
Description Temporarily excluding improvements to a principal dwelling from the assessment of property taxes					

Assumptions Used in Arriving at Fiscal Estimate

Current law requires taxation districts to assess property at market value.

Under the bill, a municipality would be allowed to enact an ordinance to exclude the value of improvements made to a principal dwelling unit from the unit's assessed value for up to three years.

In 2006, the equalized value of new residential construction, including improvements, was \$7.5 billion. The estimate assumes this same level of new residential construction in the future and that all municipalities enacted ordinances under the bill. Based on information from the U.S. Census Bureau on improvements to owner-occupied residential properties and Department appraisers, the estimate assumes that 15% of the amount of new residential construction amount is new improvements to principal dwellings. As such, about \$1.125 billion ($\$7.5 \text{ billion} \times 15\%$) of equalized value would become exempt from taxation during the first year. Over a three year period, \$3.375 billion of improvements would become exempt. At the 2006/07 statewide rate for improvements to residential property of \$17.15 per \$1,000 of property value, about \$57.9 million ($\$3.375 \text{ billion} \times 0.01715$) of property taxes would be shifted annually to other taxable property when the exclusion is fully implemented.

Property assessment costs would increase in municipalities that enact ordinances to exclude the value of improvements for three years as assessors would be required to monitor the amounts of excluded improvements and the length of exclusions.

State forestry revenues would decrease by \$574,000 ($\$3.375 \text{ billion} \times 0.00017$) under the bill once the initial three years of the bill are fully implemented.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Temporarily excluding improvements to a principal dwelling from the assessment of property taxes			
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	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	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		-574,000
	TOTAL State Revenues	\$	\$-574,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-574,000	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Pamela Walgren (608) 266-7817		Paul Ziegler (608) 266-5773	5/23/2007