

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|---|--|
| LRB Number 07-4209/1 | Introduction Number AB-0939 |
| Description creation of regional transit authorities, requiring a referendum, and making appropriations. | |
| Fiscal Effect | |
| State: | |
| <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate | |
| <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues |
| <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| <input type="checkbox"/> Decrease Costs | |
| Local: | |
| <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate | |
| 1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input checked="" type="checkbox"/> Decrease Revenue <input checked="" 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 checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Regional Transit Authorities</u> | |
| <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 type="checkbox"/> SEG <input type="checkbox"/> SEGS | |
| Affected Ch. 20 Appropriations | |
| Agency/Prepared By | Authorized Signature |
| DOR/ Paul Ziegler (608) 266-5773 | Paul Ziegler (608) 266-5773 |
| Date | |
| 4/4/2008 | |

Fiscal Estimate Narratives
DOR 4/4/2008

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|--|------------------------------------|-------------------------------|
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Assumptions Used in Arriving at Fiscal Estimate

The bill allows most cities, villages, towns, and counties to create a Regional Transit Authority (RTA) to establish or acquire a unified local transportation system (defined as a bus, rail, or other mass transit system). An RTA may operate the system or provide for its operation by another organization. An RTA may be formed if the combined population of the participating localities is at least 50,000. If the RTA is authorized to develop or operate a fixed-route (rail) transit system, the population of the RTA must be at least 375,000. In determining the population of an RTA, the population of any participating county is excluded unless the county contains a 1st class city.

The jurisdictional area of an RTA is the area of the participating localities except that for counties (other than counties containing a 1st class city), only the area that is contained within participating municipalities within the county is included in the RTA.

In a county that contains a 1st class city, only the county and not any municipality in the county may join an RTA and the jurisdictional area of the RTA includes the entire area of the county.

An RTA may adopt a sales tax of up to 0.5% if adopted by resolution by all participating local governments. In addition, the locality's participation in an RTA, any sales tax adopted by an RTA, and any rail system an RTA is to develop or operate must be approved by the voters of each participating locality by referendum. If a county is a member of an RTA, any sales tax adopted by the RTA is effective only within the municipalities in the county that are also members of the RTA, unless the county contains a 1st class city, in which case the tax is applied throughout the entire county. A participating county or municipality may make a contribution of funds to the RTA when the locality joins the RTA. After this time, however, a participating municipality or county may not use any locally generated revenue, including property and sales tax revenues, to fund any transit system, including the RTA. The bill provides 1.5% of RTA sales tax collections to the Department of Revenue (DOR) for the department's costs to administer RTA taxes.

Since the maximum RTA sales tax rate is equal to the rate that counties may impose as a county sales tax, county sales tax collections provide an upper bound for estimated RTA sales tax collections. For the 60 counties that currently impose this 0.5% tax, the attached table provides information on calendar year 2007 county sales tax distributions (including the 0.5% Football Stadium tax in Brown County). To the degree that not all municipalities in a county join an RTA or the RTA tax rate is less than the maximum rate of 0.5%, county sales tax collections overstate the amounts that could be generated under the bill. Since retailers do not report sales by municipality, or by county for those counties with no county sales tax, no accurate projections are available of potential RTA sales tax collections by municipality or for counties without a county sales tax.

Total local government expenditures on mass transit may increase under the bill if RTA sales tax collections are used to provide additional funding for transit beyond current revenues. Since participating counties and municipalities will be prohibited from funding transit systems, property tax collections currently used to support transit systems may decline or may be reallocated to other expenditures. County and municipal transit expenditures would be expected to decline as RTAs assume responsibility for transit systems.

DOR would incur costs to develop and maintain the databases necessary to administer RTA taxes. These costs would vary depending on the number and characteristics of localities that join RTAs and impose RTA sales taxes. If RTA taxes become widespread, these costs could be substantial. In addition, DOR would incur one-time costs of \$177,000 each time RTA taxes require mailings to all state sales tax filers to inform them of changes in RTA taxes. Additional costs would also be incurred to develop forms and audit additional lines on sales tax returns.

Depending on the rates at which RTA sales taxes are imposed and the localities involved, Department of Revenue costs to administer RTA sales taxes may exceed the 1.5% of collections that the bill provides for

the department's expenses for this purpose.

Long-Range Fiscal Implications

County Sales Tax Distributions -- 2007

| | | | |
|------------|-------------|-------------|--------------|
| Adams | \$1,259,615 | Marathon | \$10,646,319 |
| Ashland | 1,154,628 | Marinette | 2,694,223 |
| Barron | 3,330,602 | Marquette | 753,971 |
| Bayfield | 895,207 | Milwaukee | 64,448,566 |
| Brown* | 20,665,356 | Monroe | 2,555,868 |
| Buffalo | 598,090 | Oconto | 1,502,513 |
| Burnett | 825,939 | Oneida | 3,649,333 |
| Chippewa | 3,616,310 | Ozaukee | 6,045,166 |
| Columbia | 3,446,084 | Pepin | 370,726 |
| Crawford | 1,275,967 | Pierce | 1,533,697 |
| Dane | 43,021,992 | Polk | 2,327,040 |
| Dodge | 4,866,845 | Portage | 4,958,596 |
| Door | 3,108,418 | Price | 787,981 |
| Douglas | 3,367,699 | Richland | 898,370 |
| Dunn | 2,187,090 | Rock** | 6,030,193 |
| Eau Claire | 7,993,786 | Rusk | 1,102,006 |
| Florence | 208,568 | St Croix | 5,095,251 |
| Forest | 437,898 | Sauk | 7,000,303 |
| Grant | 2,407,314 | Sawyer | 1,538,946 |
| Green | 1,975,086 | Shawano | 2,177,224 |
| Green Lake | 1,051,024 | Taylor | 944,208 |
| Iowa | 1,449,966 | Trempealeau | 1,370,667 |
| Iron | 433,701 | Vernon | 1,254,346 |
| Jackson | 1,160,946 | Vilas | 2,025,780 |
| Jefferson | 5,046,900 | Walworth | 7,561,568 |
| Juneau | 1,320,604 | Washburn | 1,242,703 |
| Kenosha | 9,991,029 | Washington | 9,007,091 |
| La Crosse | 9,562,276 | Waupaca | 2,811,154 |
| Lafayette | 648,152 | Waushara | 1,040,013 |
| Langlade | 1,312,015 | Wood | 5,014,805 |
| Lincoln | 1,514,389 | | |

*Brown County figure represents distributions under the 0.5% Professional Football Stadium Tax.

**Rock County amount is for eight months.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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| 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 | | | |
| TOTAL State Revenues | \$ | | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | State | Local | |
| NET CHANGE IN COSTS | \$see text | \$see text | |
| NET CHANGE IN REVENUE | \$ | \$see text | |
| Agency/Prepared By | | Authorized Signature | Date |
| DOR/ Paul Ziegler (608) 266-5773 | | Paul Ziegler (608) 266-5773 | 4/4/2008 |