

Fiscal Estimate - 2009 Session

Original Updated Corrected Supplemental

LRB Number 09-4487/2	Introduction Number AB-0978
Description A property tax exemption for a nonprofit theater located in the city of Madison	
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 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 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 type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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Date 5/5/2010	

Fiscal Estimate Narratives

DOR 5/5/2010

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Description A property tax exemption for a nonprofit theater located in the city of Madison					

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

Under current law, three types of theaters are exempt from real property taxation.

Under section 70.11 (29m), all of the property owned or leased by a corporation, organization, or association that is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code is exempt from property taxes if all of the following conditions are met: (a) all of the property is used for the purposes for which the exemption was granted, (b) the property includes one or more buildings listed on the national register of historic places, (c) the property includes one or more theaters for performing theater arts which have a total seating capacity of not less than 800 persons and (d) the corporation, organization or association operates the theater or theaters.

Under section 70.11 (29p), all of the property owned or leased by an organization that is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code, as confirmed by a determination letter issued by the Internal Revenue Service no later than July 31, 1969, is exempt from property taxes if all of the following conditions are met: (a) all of the property is used for the purposes for which the exemption was granted, (b) the property includes one or more outdoor theaters for performing theater arts which have a total seating capacity of not less than 400 persons, and (c) the organization operates the theater or theaters.

Under section 70.11 (45), all of the property owned or leased by a corporation, organization, or association that is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code is exempt from property taxes if it meets all of the following conditions: (a) it is used for the purposes for which the exemption was granted, (b) it is located on land that was donated by a local business owner or municipality, or located on land that was owned by the theater entity before March 25, 2010, (c) it is located within 20 miles of the Mississippi River, (d) it is located on a parcel of land that is at least 0.25 acres but no more than 2 acres in area, and (e) it includes one or more theaters for the performing arts that are operated by the theater entity and have a seating capacity of not less than 450 persons.

PROPOSED LAW

Under the bill, all of the property owned or leased by an organization that operates a theater and is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code would be exempt from property taxes if it met all of the following conditions: (a) the theater is located in the City of Madison, (b) the organization collaborates with at least 3 theater companies to perform at the theater building, (c) each of these theater companies is an organization that is exempt from taxation under section 501 (c) (3) of the Internal Revenue Code, and (d) the theatre companies each perform at least 12 days at the theater building in the year for which the organization claims the property tax exemption.

FISCAL EFFECT

The bill may exempt the property of one theater – the Bartell Theatre – from property taxation. Based on data from the City of Madison's assessor web-site, the assessed value of the Bartell Theatre's real estate for 2009 was \$499,800, and the net property taxes (excluding special assessments and charges) for 2009/10 were about \$10,200. Therefore, the bill has the potential to shift about \$10,200 in property taxes other property owners.

Based on information from the City of Madison, the portion of the Bartell Theatre's property tax bill for the 2009/10 tax year that was attributable to the state forestation tax was about \$87. Therefore, the bill has the potential to decrease state forestation tax collections by about \$87.

These fiscal effects are based on the Bartell Theatre's real property assessment for 2009. To the extent that the theater owns or leases other property in the future, and to the extent that future years' tax rates increase or decrease, the actual fiscal effect will differ from that noted above.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description			
A property tax exemption for a nonprofit theater located in the city of Madison			
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		\$	\$
NET CHANGE IN REVENUE		\$See text of fiscal note	\$See text of fiscal note
Agency/Prepared By		Authorized Signature	Date
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