



**Fiscal Estimate Narratives**  
**DOR 8/21/2009**

LRB Number	<b>09-2360/1</b>	Introduction Number	<b>AB-0375</b>	Estimate Type	<b>Original</b>
<b>Description</b> A property tax exemption for certain nonprofit community theaters					

**Assumptions Used in Arriving at Fiscal Estimate**

**CURRENT LAW**

Under current law, two types of nonprofit 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.

**PROPOSAL**

The bill creates an additional property tax exemption for nonprofit theatres. Under the proposal, all property owned by a corporation, organization, or association that 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 property is used for the purposes for which the exemption was granted, (b) the property is located on land that was donated by a local business owner or municipality, or located on land that was owned by the theatre entity before the bill takes effect, (c) the property is located within 20 miles of the Mississippi River, (d) the property consists of a parcel of land that is at least 0.25 acres but no more than 2 acres in area, and (e) the property includes one or more theatres for the performing arts that are operated by the theatre entity and have a seating capacity of not less than 450 persons. The proposed exemption would be effective for property tax assessments as of January 1, 2009.

**FISAL EFFECT**

The bill may exempt the property of one theatre entity -- the La Crosse Community Theatre (LCCT) -- from property taxation. Based on information from the City of La Crosse, the assessed value of the LCCT's property for 2008 was \$176,400, and the property taxes levied on the property for the 2008/09 tax year were about \$4,901. Therefore, the bill has the initial potential to shift about \$4,900 in property taxes from the LCCT to other property owners.

The portion of the LCCT's property tax for 2008/09 attributable to the state forestation tax was about \$32. Therefore, the bill has the initial potential to decrease state forestation tax collections by about \$32.

These fiscal effects are based on the LCCT's property assessment for 2008. To the extent that the LCCT owns or leases more or less property in future years, and to the extent that future years' tax rates increase or decrease, the actual fiscal effect will differ from that were noted above. Any donation to the LCCT of land that is currently taxable is, in particular, expected to increase the future fiscal effect of the bill.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 09-2360/1		<b>Introduction Number</b> AB-0375	
<b>Description</b> A property tax exemption for certain nonprofit community theaters			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S (Conservation)			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$see text of fiscal note		\$see text of fiscal note
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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