

Fiscal Estimate Narratives

DOR 1/8/2014

LRB Number	13-3105/1	Introduction Number	AB-0522	Estimate Type	Original
Description Requiring a city, village, town, or county to share with overlying taxation jurisdictions certain payments for potential services received from a tax-exempt entity					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a town, village, city, or county may enter into an agreement with certain entities that are exempt from property taxes under which the exempt entity agrees to make payments to the town, village, city, or county to help pay for the cost of services provided to the exempt entity. These payments are commonly referred to as payments in-lieu of taxes.

The bill requires that any payments made under an agreement between certain tax-exempt entities and a town, village, city, or county for a service the town, village, city, or county may provide are to be shared with overlying taxation jurisdictions in the same way that property taxes would be shared. The bill would apply only to agreements that are entered into after the bill is enacted. In addition, the bill only applies to agreements involving property exempt from property taxes under the following statutes:

Section 70.11 (4): Educational, religious, and benevolent institutions; women's clubs; historical societies; fraternities; and libraries

Section 70.11 (4a): Benevolent low-income housing

Section 70.11 (4d): Benevolent retirement homes for the aged

For purposes of this fiscal estimate, it is assumed that the bill applies to any service that a town, village, city, or county is legally authorized to provide. Based on data reported to the Department of Revenue (DOR) in the annual financial report form annually filed by municipalities for 2012, a total of \$15.4 million in payments in-lieu of taxes were reported by 352 municipalities. Based on data from the "Taxation District Exemption Summary Report" filed by municipalities with the DOR for 2012, it is estimated that about 30% of these payments in-lieu of taxes, or about \$4.63 million, were paid by exempt property classes affected by the bill. Therefore, if the bill had been in effect when the agreements affecting these properties were signed, then municipalities would have retained about \$1.65 million and paid \$2.98 million to other taxation jurisdictions.

The bill could have an effect on future agreements between towns, villages, cities, and counties and affected tax-exempt entities. A potential result would be for fewer payments in lieu of taxes to be made, to be replaced with specific fees for specific services provided to the exempt facilities.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Requiring a city, village, town, or county to share with overlying taxation jurisdictions certain payments for potential services received from a tax-exempt entity		
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$see text of fiscal note
NET CHANGE IN REVENUE	\$	\$see text of fiscal note
Agency/Prepared By	Authorized Signature	Date
DOR/ Daniel Huegel (608) 266-5705	Robert Schmidt (608) 267-9892	1/8/2014