

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

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|-----------------------------|-----------------------------------|
| LRB Number 17-1819/2 | Introduction Number SB-141 |
|-----------------------------|-----------------------------------|

Description
 revenue limit adjustment for a school district for costs incurred to remediate lead contamination in drinking water and exceptions from local levy limits for lead pipe water service line replacement purposes

Fiscal Effect

State:

| | | |
|---|---|--|
| <input type="checkbox"/> No State Fiscal Effect | <input type="checkbox"/> Increase 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"/> Indeterminate | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Increase Existing Appropriations | | <input type="checkbox"/> Decrease Costs |
| <input type="checkbox"/> Decrease Existing Appropriations | | |
| <input type="checkbox"/> Create New Appropriations | | |

Local:

| | | |
|--|---|---|
| <input type="checkbox"/> No Local Government Costs | | 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 type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| <input checked="" type="checkbox"/> Indeterminate | | |
| 1. <input type="checkbox"/> Increase Costs | 3. <input checked="" type="checkbox"/> Increase Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input checked="" 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 | |

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|--|---------------------------------------|
| 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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| Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705 | Authorized Signature Robert Schmidt (608) 266-5773 | Date 4/5/2017 |
|---|--|-------------------------|

Fiscal Estimate Narratives

DOR 4/5/2017

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 17-1819/2 | Introduction Number | SB-141 | Estimate Type | Original |
| Description revenue limit adjustment for a school district for costs incurred to remediate lead contamination in drinking water and exceptions from local levy limits for lead pipe water service line replacement purposes | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Current law establishes local levy limits for political subdivisions, defined as a city, village, town, or county. No political subdivision may increase its preceding year's levy beyond its valuation factor (the percentage change in equalized value due to net new construction). Current law provides several levy limit exceptions, which include a resolution adopted by the governing body and approved by electors at referendum, mistakes made by taxation district clerks or the Department of Revenue, county levies for bridge and culvert construction, and county levies for public libraries.

Current law also allows any city, town, or village to levy and collect special assessments as a lien upon any property benefiting from a public work or improvement. Public improvement projects include street improvements, water lines, sewer lines, and street light installation. Special assessments are not included in the local levy limit.

The bill creates a new levy limit exception for amounts the political subdivision levies in that year for purposes related to the replacement of lead pipe service lines owned by the political subdivision.

Fiscal Effect

The fiscal effect of the bill is indeterminate as the department does not have any data on lead service line replacement costs. County and municipal levies would increase by the amount of spending on service line replacement projects. Most political subdivisions who provide water services operate them as a proprietary fund where user fees generally pay for operation and maintenance costs. Approximately 518 political subdivisions provide water services through a proprietary fund operation. 2015 user fee revenues totaled \$607,522,100, while 2015 expenditures totaled \$596,304,400. At the end of 2015, Wisconsin water utilities had \$332,812,800 in outstanding principal on long-term debt. In 2015, political subdivisions reported \$3,577,200 in special assessments for water main and lateral replacements.

Under the bill, if a political subdivision levied taxes for lead pipe replacement, the replacement costs would not be shared with entities exempt from the local tax levy, such as churches, benevolent low-income housing, nonprofit hospitals, humane societies, labor temples, professional sports stadiums, and certain charitable organizations.

The bill does not reduce revenues to tax increment districts. The minor administrative costs can be absorbed with existing budget authority.

Long-Range Fiscal Implications