

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-1468/1	Introduction Number AB-0235
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Description
 exception from local levy limits for political subdivisions receiving certain utility aid payments

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" 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	3. <input checked="" type="checkbox"/> Increase Revenue	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>TIDs</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
1. <input type="checkbox"/> Increase Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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	

Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Jamie Adams (608) 266-6785	Date 5/29/2019
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Fiscal Estimate Narratives

DOR 5/29/2019

LRB Number	19-1468/1	Introduction Number	AB-0235	Estimate Type	Original
Description exception from local levy limits for political subdivisions receiving certain utility aid payments					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a political subdivision may not increase its levy by a percentage that exceeds its valuation factor—defined as the greater of either zero percent or the percentage change in the political subdivision's equalized value due to net new construction. A number of levy limit exceptions exist under current law, such as amounts levied for countywide emergency medical system, for county children with a disabilities education board, and for certain bridge and culvert construction repairs.

The bill creates a new levy limit exception for political subdivisions when a decommissioned power plant becomes taxable and the associated utility aid payment is phased out at 20 percent a year over a period of five years. Under the bill, the levy exception may not exceed the amount paid to the political subdivision in utility aid less the phase down amount in the year the levy is imposed. A revenue reduction occurs only when a political subdivision receives a utility aid payment in the current year that is less than the payment in the previous year.

Based on currently decommissioned power plants, the local fiscal effect on property tax levies is \$143,000 for December 2019 (2020) and \$88,600 for December 2020 (2021). The Pleasant Prairie Power plant closed in April, 2018 but is currently tax exempt pending a decision by the Wisconsin Public Service Commission. If the Pleasant Prairie Power Plant becomes taxable, then the levy limit exception would increase by \$494,080 each year for a maximum amount of \$2,470,400 for all political subdivisions.

The fiscal effect on tax incremental districts (TID) is indeterminate. If the levy limit exception results in higher property tax rates, then TID revenues could increase under the bill.

The department can absorb the minor administrative expenses.

Long-Range Fiscal Implications