

Fiscal Estimate Narratives

DOR 1/27/2020

LRB Number	19-5393/1	Introduction Number	AB-0771	Estimate Type	Original
Description leasing tax exempt property of a church or religious organization to an educational association					

Assumptions Used in Arriving at Fiscal Estimate

Current law provides a property tax exemption for property owned by educational associations and institutions, benevolent associations, churches, and religious associations. Leasing such property does not render the property taxable provided the lessor uses the leasehold income for maintenance or construction debt retirement of the leased property. Current law allows some leased property to retain its exemption regardless of how the leasehold income is used. Under the bill, leasing all or part of any property owned by a church or religious organization to an educational association or institution that is also exempt from taxation does not render the property taxable, regardless of how the lessor uses the leasehold income.

Under the bill, exempting taxable leased property would result in a tax shift to other taxable property. The statewide local fiscal effect is indeterminate as the department does not have complete parcel level data for such determination. For Milwaukee County 2019-20 property taxes, the bill would result in a property tax shift of at least \$55,200 and a minimal property tax increase on other taxable properties.

The bill would not impact tax increments.

Long-Range Fiscal Implications