

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-3761/1	Introduction Number SB-338
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Description
 authorizing the town of Minocqua in Oneida County, the city of Sturgeon Bay, and the city of Tomahawk to become premier resort areas

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues

 Yes No
 Create New Appropriations

 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	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
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

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Fiscal Estimate Narratives

DOR 8/16/2019

LRB Number 19-3761/1	Introduction Number SB-338	Estimate Type Original
Description authorizing the town of Minocqua in Oneida County, the city of Sturgeon Bay, and the city of Tomahawk to become premier resort areas		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a municipality or county may impose a "premier resort area" tax if the municipality or county meets certain criteria. In order to impose a premier resort area tax, a municipality or county must enact an ordinance or resolution declaring itself to be a "premier resort area." To be considered a premier resort area, at least 40% of the equalized value of the taxable property within the municipality or county must be used by tourism-related retailers.

The bill allows the city of Tomahawk (Lincoln County), the town of Minocqua (Oneida County) and the city of Sturgeon Bay (Door County) to become premier resort areas notwithstanding the fact none of them meet the generally applicable requirement that at least 40 percent of the equalized assessed value of the taxable property within a political subdivision be used by tourism-related retailers. The designation as a premier resort area and the imposition of the premier resort area tax would require approval by voters at a referendum.

The state and local fiscal effect depend the decisions of local governments. The following scenario is for illustrative purposes. Using county sales tax collections data and commercial real estate values, along with population data from the Department of Administration, the department estimates a 0.5% tax would generate approximately \$199,000 in the city of Tomahawk, \$644,000 in the town of Minocqua and \$868,000 in the city of Sturgeon Bay on an annual basis. The total distributions are estimated to be \$193,000 ($\$199,000 * 97\%$) to the city of Tomahawk, \$624,000 to the town of Minocqua and \$842,000 to the city of Sturgeon Bay.

The department's costs would be absorbed by the 3.0% of collections it would retain to administer this tax. The department estimates that the administrative fee would generate about \$51,000 ($\$199,000 + \$644,000 + \$868,000 * 3\%$) on an annual basis in this hypothetical scenario.

Administrative Costs

The department estimates one-time administrative costs of \$20,000 for updating the state's tax processing system to accommodate the new tax. This cost is only incurred if a premier resort area is created.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description authorizing the town of Minocqua in Oneida County, the city of Sturgeon Bay, and the city of Tomahawk to become premier resort areas			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time administrative costs of \$20,000 for updating the state's tax processing system to accommodate the new tax			
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, ets.)			
		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		\$	\$
NET CHANGE IN REVENUE		\$ see text	\$ see text

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Date

8/16/2019