

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-0806/2	Introduction Number AB-0183
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Description
 authorizing the village of Pepin in Pepin County to become a premier resort area

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input checked="" type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<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		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<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	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.566(1)(gf)

Agency/Prepared By	Authorized Signature	Date
DOR/ Travis Arthur (608) 266-8565	Jamie Adams (608) 266-6785	3/24/2021

Fiscal Estimate Narratives

DOR 3/24/2021

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Description authorizing the village of Pepin in Pepin County to become a premier resort area					

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 village of Pepin (Pepin County) to become premier resort area notwithstanding the fact it does not 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 \$54,000 in the village of Pepin on an annual basis. The total distributions are estimated to be \$52,380 ($\$54,000 * 97\%$) to the village of Pepin.

Administrative Costs

The department estimates one-time administrative costs of \$32,000 for updating and testing the state's tax processing system to accommodate the new tax, along with training and communication activities. In addition, the department estimates ongoing costs of \$3,400 to process returns and handle taxpayer questions.

The department's costs would be partially offset by the 3.0% of collections it would retain to administer this tax. The department estimates that the administrative fee would generate about \$1,620 ($\$54,000 * 3\%$) on an annual basis in this hypothetical scenario. Without additional funding for this project, the department would have to reassign current staff, potentially delaying current projects that may be revenue generating.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description authorizing the village of Pepin in Pepin County to become a premier resort area		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
The department estimates one-time administrative costs of \$32,000 for updating and testing the state's tax processing system to accommodate the new tax, along with training and communication activities.		
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	\$	\$
NET CHANGE IN REVENUE	\$	\$see text
Agency/Prepared By		
Authorized Signature		Date
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		3/24/2021