

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-2728/1	Introduction Number AB-0216
Description the amount and distribution of the real estate transfer fee, grants under the land information program, real property recording notification systems, and making an appropriation	
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"><input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><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"/> Decrease Costs</div></div> Local: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input 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 type="checkbox"/> Permissive <input checked="" 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</div><div style="width: 33%;">5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> Towns <input checked="" type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 33%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 33%;"><input type="checkbox"/> Cities</div></div></div></div>	

Fiscal Estimate Narratives

DOA 6/10/2025

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Description the amount and distribution of the real estate transfer fee, grants under the land information program, real property recording notification systems, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

2025 Assembly Bill 216 (AB 216) would make several changes to the real estate transfer fee: namely, the rate of the fee, the distribution of revenue derived from the fee, and the requirements of how that revenue would be used. Pertaining specifically to the Department of Administration (department), the bill would increase fee revenue for and make several changes to the Wisconsin Land Information Program (WLIP). This program is located organizationally under the Division of Intergovernmental Relations (DIR).

Under current law, the fee is calculated at a rate of \$0.30 per \$100 of property value. The proposed legislation would reduce this to \$0.20 per \$100 of property value, a 33% reduction in the fee per transaction. It would also amend how the fee revenue is distributed. Under current law, counties retain 20% while 80% goes to the state's general fund. The proposed changes would increase county distribution to 50%, decrease the state general fund distribution to 30%, and add a new distribution of 20% to the Land Information Fund which funds and is administered by WLIP. Under current law, the Land Information Fund derives its revenues exclusively from document recording fees with county registers of deeds.

The portion of the real estate fees that would be transmitted to the department would be deposited in the nonlapsable, segregated (SEG) Land Information Fund established under s. 25.55, Wis. Stats. This fund is administered under two statutory appropriations, s. 20.505 (1) (ub), Wis. Stats. (numeric 16600), Land information program, state operations; reviews of municipal incorporations and annexations; planning grants, an annual executive appropriation which is utilized for the administration primarily of WLIP, and s. 20.505 (1) (uc), Wis. Stats. (numeric 17300), Land information program; local aids, a continuing appropriation for assistance payments made under the same.

The provisions of the bill would generate a significant increase in fee revenue for the fund, which would result in an equal increase in expenditures in the form of assistance payments to counties. The changes proposed are estimated to represent an annual increase to fee revenue for the Land Information Fund of approximately 239%, or an increase from \$7,069,100 to \$23,933,800, given a five-year average of county real estate transfer return collections (program years 2020 through 2024). This nearly \$16.9 million increase would be directly converted to land information awards to counties.

The bill would direct the department to award 46% of the additional revenue from its portion of real estate transfer return collections to a new grant type: contribution-based grants to counties. These grants would be calculated according to the percentage each county contributes in real estate transfer fee return collections. For example, if a county contributed 2% of total collections, its grant would be calculated in the following manner: total transfer fee collections, times 2%, times 46%, times 20% (the proportion of the total fee revenue allocated to the Land Information Fund).

The proposed legislation would also increase the minimum amount of base budget grants to counties under s. 16.697 (7) (am), Wis. Stats., to enable county land information offices to develop, maintain, and operate a basic land information system. Under current law, the minimum amount is determined by subtracting the amount of document recording fees the county retained in the prior fiscal year for land information under s. 59.72 (5), Wis. Stats., from \$100,000; the bill would increase this base figure to \$175,000, and, with Assembly Amendment 1, would add this amount generated by the county under the real estate transfer fee to the amount subtracted from that base figure to determine eligibility for the base budget grant.

Additionally, the minimum amount of grants under s. 16.697 (7) (b), Wis. Stats., to be used for training and education of county employees for the design, development, and implementation of land information systems, would be increased from \$1,000 to \$5,000.

WLIP's strategic initiative grant is governed under ch. Adm 47, Wis. Adm. Code. The grant is and would be distributed equally to counties from the remaining fee revenue after all other grant programs (base budget,

training and education, and the proposed contribution-based grant) and the amount in the schedule for administration under s. 20.505 (1) (ub) are allocated. The purpose of the strategic initiative grant is for expediting and fostering statewide and regional strategic initiatives consistent with specific statutory requirements and standards adopted by the department.

Across these four grant types, the department estimates annual total awards of \$7,757,700 in contribution-based grants (\$0 under current law), total awards of \$4,262,000 in base budget grants (compared to a five-year average of \$2,440,700 under current law), total awards of \$360,000 in training and education grants (compared to \$72,000 minimum under current law), and \$10,748,900 in strategic initiative grants or \$149,300 per county (compared to five-year average of \$3,751,300 or \$52,100 per county under current law). Based on the significant increase to strategic initiative grants, the department may need to develop program guidelines to further accommodate the new proportion of funds available for the strategic initiative grants.

The estimated increases to the various grant types would not generate administrative workload unable to be absorbed under current position and expenditure authority under s. 20.505 (1) (ub), which is an annual executive appropriation equal to the amounts in the schedule. Additionally, and as mentioned above, it is anticipated that the increased revenues under the proposed legislation would be approximately equal to net new expenditures with the provisions of the bill, and so it is anticipated, based upon current program assumptions, to have a negligible impact on the Land Information Fund balance overall.

Given the increased awards from WLIP, counties could accelerate their land information efforts. County land information plans list "shovel-ready" projects waiting to be implemented, including projects to create accurate parcel maps and associated real estate records, as well as for emergency response mapping, acquisition of aerial imagery and lidar (topographic mapping), land use mapping, and more. Improvements to land information systems and records are critical not only for local units of government, but also for state agencies and private organizations, which are able to utilize the publicly available data posted online.

The proposed legislation would also require counties directly retaining real estate transfer fee revenue to establish a real property recording system to administered by the county register of deeds. The counties would not be permitted to charge a fee for this service.

With the proposed changes, county real estate fee revenue and land information grant revenue would greatly increase. Based on the five-year average of total real estate transfer fee collections, it is estimated that with the proposed changes to the counties' proportion of the fee revenue (20% of \$0.30 per \$100 under current law to 50% of \$0.20 per \$100 under the proposed), direct fee revenue to counties would also increase by approximately \$16.9 million. Together with the \$16.9 million increase from land information grants, the proposed legislation is estimated to increase total county revenues derived directly or indirectly from the fee by approximately \$33.8 million. While the increase to any individual county depends on the volume and monetary value of their real estate transactions, all 72 counties would experience a significant increase.

Note that based on the same assumptions, general fund revenue from the real estate transaction fee would decrease by approximately \$75.9 million, while total revenue derived by the fee would decrease by approximately \$42.2 million.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

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Description the amount and distribution of the real estate transfer fee, grants under the land information program, real property recording notification systems, and making an appropriation	
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): 	
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	16,865,000
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$16,865,000
B. State Costs by Source of Funds	
GPR	
FED	
PRO/PRS	
SEG/SEG-S (Land Information)	16,865,000
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 (Land)	16,865,000
TOTAL State Revenues	\$16,865,000
NET ANNUALIZED FISCAL IMPACT	
	<u>State</u> <u>Local</u>
NET CHANGE IN COSTS	\$16,865,000
NET CHANGE IN REVENUE	\$33,730,000
Agency/Prepared By	
DOA/ Robert Albrecht (608) 264-6343	Authorized Signature
	Colleen Holtan (608) 266-1359
	Date
	6/10/2025