



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #592

State Aid for Tax Exempt Computers, Cash Registers, and Fax Machines -- Sum Sufficient Reestimate (Shared Revenue and Tax Relief -- Direct Aid Payments)

[LFB 2013-15 Budget Summary: Page 433, #3]

CURRENT LAW

The state aid payment for computers was created in the 1998 budget adjustment bill (1997 Wisconsin Act 237) to compensate local governments for tax base lost due to the property tax exemption for computers, software, and related equipment. Aid payments are calculated using a formula that results in an aid amount equal to the amount of taxes that would be paid if the property was taxable. Under the procedure, computer owners report the value of exempt computers to assessors, and local governments calculate their tax rates as if the exempt value was taxable. Aid payments are calculated by multiplying the two amounts. A property tax exemption for fax machines, except those that are also copiers, and cash registers was created in the 2001-03 biennial budget bill (2001 Wisconsin Act 16), effective with property assessed as of January 1, 2003. State aid payments were extended for this exempt property, as well, and began in 2003-04. A provision in 2005 Wisconsin Act 25 produced one-time savings in the 2005-07 biennium by changing the payment date for this program from the first Monday in May of each year to the fourth Monday in July of each year, beginning in 2007. Due to this law change, local governments' budgets for the current year anticipate receipt of the 2013-14 aid payment.

GOVERNOR

Increase estimated payments by \$1,254,000 GPR in 2013-14 and \$1,764,000 GPR in 2014-15 to reflect projected changes in tax rates and the value of exempt computers, cash registers, and fax machines. With these adjustments, base level funding of \$80,400,000 would increase to \$81,654,000 in 2013-14 and \$82,164,000 in 2014-15.

MODIFICATION

15. Increase estimated payments by \$146,000 GPR in 2013-14 and \$1,636,000 GPR in 2014-

Explanation: Total aid payments are estimated at \$81,800,000 GPR in 2013-14 and \$83,800,000 GPR in 2014-15. These represent increases of 1.6% in 2013-14 (over the 2012-13 actual payment of \$80,519,896) and 2.4% in 2014-15 (over the 2013-14 reestimate). The 2013-14 aid payment will be made in July, 2013, and is based on 2012 exempt values and 2012(13) tax rates. Because both factors are known at this time, only minor changes to the reestimate should occur. For 2014-15, statewide exempt values are estimated to increase by 2.3%, from \$3,270 million to \$3,346 million, and tax rates are expected to increase by 0.1%. The administration's estimate assumes a 2014-15 aid increase of 0.4% (over the 2013-14 reestimate), based on an estimated increase of 1.7% in exempt values and an estimated decrease of 1.0% in tax rates. This paper's reestimate for 2014-15 incorporates tax rate estimates that were included in the Legislative Fiscal Bureau's April 11, 2013, memorandum on property taxes under AB 40. Those estimates reflect the Governor's proposals related to local government fiscal controls and local aid funding (including school aids) and forecast statewide tax levies increasing at a slightly faster pace than equalized values, producing the estimated 0.1% increase in the statewide average tax rate. The estimates under this modification may need to be revised based on the Committee's decisions regarding local government fiscal controls and local aid funding.

Change to Bill Funding	
GPR	\$1,782,000

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