

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-3195/1	Introduction Number SB-430				
Description sale of surplus real property owned by the Department of Transportation					
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs					
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts					
<table style="width: 100%;"> <tr> <td style="width: 50%;">Fund Sources Affected</td> <td style="width: 50%;">Affected Ch. 20 Appropriations</td> </tr> <tr> <td> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS </td> <td> 20.395(3)(cq); 20.395(4)(ew) </td> </tr> </table>		Fund Sources Affected	Affected Ch. 20 Appropriations	<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.395(3)(cq); 20.395(4)(ew)
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Agency/Prepared By DOT/ Sarah Osborn (608) 266-5310	Authorized Signature Joan Meier (608) 267-6978	Date 8/24/2021			

Fiscal Estimate Narratives

DOT 8/24/2021

LRB Number	21-3195/1	Introduction Number	SB-430	Estimate Type	Original
Description sale of surplus real property owned by the Department of Transportation					

Assumptions Used in Arriving at Fiscal Estimate

State Expenditure:

WisDOT estimates expending \$5,428,500 in the first two years and \$466,500 annually under this bill, if enacted. One-time tasks include: mass prep of parcels for bids; assessed valuation method for 75% of these parcels; appraisal of 25% of these parcels; legal descriptions; and environmental document review and approval. Ongoing costs described below. WisDOT plans to hire contractors to perform these tasks, funded through s. 20.395(3)(cq), state highway rehabilitation.

WisDOT does not spend significant costs on maintaining surplus limited and non-marketable parcels under current law.

State Revenue:

WisDOT estimates generating approximately \$3,183,000 in revenue to the transportation fund and s. 20.395(4)(ew) in the first two years of implementation based on adjusted average parcel sales by region and parcel type in the previous three years. WisDOT's current inventory includes 114 non-marketable parcels and 648 limited marketable parcels. If parcel sales increased by 60 percent in each region under this bill, WisDOT would sell 109 non-marketable parcels and 136 limited marketable parcels in the first two years. This calculation also reflects an assumption that parcels under this bill would sell for roughly 20 percent less than under current law due to an increase in supply and pressure to sell.

It is important to note that the first \$2.75 million in revenue from surplus land sales returns to the transportation fund and any amount over that threshold goes to s. 20.395(4)(ew) operating budget supplements. This revenue does not return to s. 20.395(3)(cq), which funds the activities associated with surplus land sales. While WisDOT as a whole may experience a net loss of \$2,245,159 in the first two years of SB 430, s. 20.395(3)(cq) would experience a net loss of \$5,438,500. The worksheet attached to this fiscal estimate shows the impact to s. 20.395(3)(cq), as the long term revenue implications of SB 430 to the Department as a whole are unknown.

See attachment for state fiscal estimate calculations.

Local Government Revenue:

Local governments would likely experience an increase in property tax revenue under this bill. Using the state average property tax rate of 1.68 percent, we estimate that SB-430 would generate an increase in local revenue of \$53,480 in the first two years under the bill.

Long-Range Fiscal Implications

WisDOT estimates expending \$466,500 annually under this bill. Ongoing tasks include: preparation of new parcels for sealed bids; assessed valuations for new parcels; appraisals for re-bids; legal descriptions and environmental document production for new parcels; and re-bid preparations.

WisDOT predicts higher revenue in the first two years than in subsequent years but has insufficient data to calculate these effects. WisDOT will continue to generate surplus land parcels every year through regular construction projects and related real estate acquisition.

Local governments would continue to collect property tax revenue from newly private properties in future years.

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description sale of surplus real property owned by the Department of Transportation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
\$5,428,500		
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	466,500	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$466,500	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (s. 20.395(3)(cq))	466,500	
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	\$466,500	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DOT/ Sarah Osborn (608) 266-5310		8/24/2021
Joan Meier (608) 267-6978		

Wisconsin Department of Transportation
 Transportation: sale of surplus real property owned by the Department of Transportation
 LRB 21-3195/1
 SB-430

Process Step	One-Time Additional Hours of Labor Needed	Initial Two-Year Implementation Cost (spread over 2 years)	Ongoing Additional Hours of Labor Needed	Annual Ongoing Cost	NOTES
One-time cost of mass prep of parcels for sealed bid (700 parcels @ 48 hrs/parcel, \$100/hr consultant cost)	33,600	\$ 3,360,000			
One-time cost of assessed valuation method for 75% of mass prep parcels (3 hours/valuation, 525 valuations, \$100/hour consultant cost)	1,575	\$ 157,500			
One-time cost of appraising 25% of mass prep parcels (\$3,000/appraisal, 175 parcels)		\$ 525,000			Considered not by hours, but by the cost of the item
One-time cost of legal descriptions for all mass prep parcels (\$1,500/legal, 700 parcels)		\$ 1,050,000			Considered not by hours, but by the cost of the item
One-time cost of environmental document production for all mass prep parcels (700 parcels @ 4 hours/parcel, \$100/hour consultant cost)	2,800	\$ 280,000			
One-time cost of environmental document review and approval for all mass prep parcels (700 parcels @ 2 hours/parcel, \$40/hour DOT employee cost)	1,400	\$ 56,000			DOT employee labor - can't be consulted
Ongoing cost of prepping extra new parcels for sealed bid (50 parcels @ 48 hrs/parcel, \$100/hr consultant cost)			2,400	\$ 240,000	
Ongoing cost of assessed valuation method for 75% of new parcels every year (3 hours/valuation, 37 parcels, \$100/hour consultant cost)			111	\$ 11,250	
Ongoing cost of appraising for parcels needing re-bid (6) and 25% of new parcels every two years (\$3,000/appraisal, 13 parcels)				\$ 56,250	
Ongoing cost of legal descriptions for new parcels (\$1,500/legal, 50 parcels)				\$ 75,000	
Ongoing cost of environmental document production for new parcels (50 parcels @ 4 hours/parcel, \$100/hour consultant cost)			200	\$ 20,000	
Ongoing cost of environmental document review and approval for new parcels (50 parcels @ 2 hours/parcel, \$40/hour DOT employee cost)			100	\$ 4,000	DOT employee labor - can't be consulted
Ongoing cost of preparing biennial "re-bid" for parcels that don't sell (based on 25 parcels needing re-bid, 24 hours/parcel)			600	\$ 60,000	
	39,375	\$ 5,428,500	3,411	\$ 466,500	

Assumed Consultant Hourly Rate (this analysis assumes the proposal will not come with FTE resources) \$100/hour

Total One-Time Parcels (existing parcels that would need to be acted upon within two years, assumes some are already prepared)

- Assessed Valuation Method Mass Prep Parcels (75%) 700
- Appraisal Mass Prep Parcels (25%) 525
- Estimated # Parcels Needing Annual Re-Bid** 175
- Estimated # Hours Per Parcel for Re-Bidding Tasks 25 Potential addnl sale
- Average # Limited- and Non-Marketable Sales Annually 24
- Assessed Valuation Method for Re-Bid Parcels (75%) 100
- Appraisal for Re-Bid Parcels (25%) 19
- Estimated # New Parcels Entering Inventory Annually** 6
- Assessed Valuation Method for Annual New Parcels (75%) 150
- Appraisal for Annual New Parcels (25%) 113
- Estimated # New Parcels that Would Not Have Been Prepared Previously (33%)** 38
- # new parcels needing assessed value method that would not have before 50
- # new parcels needing appraisal that would not have before 37
- # new parcels needing appraisal that would not have before 13

***The one-time costs are over a two-year span of time per the draft.