

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-2734/1	Introduction Number AB-262	
Subject		
State aid to replace taxes lost due to phase-in of use value assessment of agriculture land		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" 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 checked="" type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts		
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 type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(1)(ed)		
Agency/Prepared By	Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310	Dennis Collier (608) 266-5773	04/10/2001

Fiscal Estimate Narratives

DOR 04/11/2001

LRB Number	01-2734/1	Introduction Number	AB-262	Estimate Type	Original
Subject					
State aid to replace taxes lost due to phase-in of use value assessment of agriculture land					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a new state aid, payable in July of each year from 2002 through 2007 (FY03 through FY08) to municipalities, counties, school and technical college districts. Each year's aid is an amount equal to the taxes that would have been levied by the taxing jurisdictions on the difference between the assessment of agricultural land under the statutory formula for phasing in use value assessment and the use value assessment of that land. Each year's aid is calculated using the taxing jurisdiction's tax rates and assessments for the prior year.

Adjusted for changes in the number of acres classified agricultural, the equalized value of agricultural land decreased by about \$2.4 billion from 1999 (the second year of the 10-year phase in) to 2000 when use value was fully implemented. Since 2000 would have been the third year of the phase in, the average annual decrease in the value of agricultural land under the phase in would have been about \$305 million ($\$2.4 \text{ billion} \times 1/8$).

Since the 2002 payments under the bill are based on 2001 tax rates and values, the difference in the value of agricultural land assessed according to the phase-in formula and full implementation of use value is about \$1.8 billion ($\$2.4 \text{ billion} - \$305 \text{ million} \times 2 \text{ years}$). Assuming the taxing jurisdictions' 1999/2000 tax rates are representative of the tax rates in subsequent years, state aids for 2002 by taxing jurisdiction under the bill are shown in Table 1 (see attachment to fiscal estimate).

Assuming that tax rates remain at their 1999 levels and use values are constant through 2007, estimated total state aids under the bill are shown in Table 2 attached.

The Department will incur one-time costs of \$8,400 for equipment and continuing costs of \$33,500 to administer the aid payments under the bill.

Long-Range Fiscal Implications

None.

Table 1: Estimated State Aids under 2001 AB 262, Payable July 2002

Taxing Jurisdiction	Difference between Phase In and Full Implementation Value	1999 Tax Rates per \$1,000 of Full Value *	Estimated State Aid, Payable July 2002
Municipalities	\$1.8 billion	\$2.74	\$5.1 million
Counties	\$1.8 billion	\$4.87	\$8.9 million
School Districts	\$1.8 billion	\$10.24	\$18.7 million
Technical College Districts	\$1.8 billion	\$1.59	\$2.9 million
Total	\$1.8 billion	\$19.44	\$35.6 million

* Weighted by the full value of agricultural land in the jurisdiction.

Table 2: Estimated State Aids under 2001 AB 262, 2002 to 2007

<u>Year</u>	<u>Total Aids</u>
2002	\$35.6 million
2003	\$29.6 million
2004	\$23.7 million
2005	\$17.8 million
2006	\$11.9 million
2007	\$5.9 million
TOTAL	\$124.4 million

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$8,400 for equipment.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$30,700	
(FTE Position Changes)		(0.5 FTE)	
State Operations - Other Costs		2,800	
Local Assistance		35,600,000	
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$35,633,500	\$
B. State Costs by Source of Funds			
GPR		35,633,500	
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		\$35,633,500	\$
NET CHANGE IN REVENUE		\$	\$35,600,000
Agency/Prepared By		Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310		Dennis Collier (608) 266-5773	04/10/2001