Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2048 (R07/2000)

Fiscal Estimate - 2001 Session

Original Upda	ited Corre	cted	Supplemental	
LRB Number 01-4276/2	Introduction	on Number A	B-778	
Subject				
Property tax exemption for medical resea	rch foundations			
Fiscal Effect				
State: No State Fiscal Effect Indeterminate Increase Existing Appropriations Decrease Existing Appropriations Create New Appropriations	Increase Existing Revenues Decrease Existing Revenues	Increase Costs - absorb within ag Yes Decrease Costs	May be possible to ency's budget	
Permissive Mandatory	Increase Revenue Permissive Mandatory Decrease Revenue Permissive Mandatory	5.Types of Local Go Units Affected Towns Counties School Districts	overnment Village	
Fund Sources Affected GPR FED PRO PRO		ffected Ch. 20 Appr	ropriations	
Agency/Prepared By	Authorized Signatu	ıre	Date	
DOR/ Rebecca Boldt (608) 266-6785	Brian Pahnke (608)	Brian Pahnke (608) 266-2700		

Fiscal Estimate Narratives DOR 2/7/02

LRB Number	01-4276/2	Introduction Number	AB-778	Estimate Type	Original		
Subject							
Property tax exemption for medical research foundations							

Assumptions Used in Arriving at Fiscal Estimate

Under current law, property owned by a nonprofit 501(c)(3) organization and used for medical research, education, training or the treatment of destitute individuals is exempt from taxation. The bill limits the exemption to an organization's primary location where data are received, aggregated and analyzed. Satellite facilities owned by the organization would become taxable. Under the bill, the Department of Revenue would be required to certify which property is eligible for the exemption.

The Department is aware of one organization in the state that would be affected by the bill. In addition to its main headquarters, valued at an estimated \$62 million, the organization owns 23 satellite clinics. Of these satellite clinics, seven are currently exempt from property taxes.

Based on 2000 Property Tax Exemption Reports and discussions with local assessors, it is estimated that the 2001 taxable value of the seven exempt satellite clinics would have been approximately \$22 million. Using the estimated 2001/02 statewide average net tax rate of \$21.10 per \$1,000 of full value, the bill would have resulted In a shift of approximately \$464,000 (\$22 million x .02110) in property taxes from other property owners to the seven facilities had the bill been in effect in 2001.

It is likely that the bill would result in the loss of payments in lieu of property taxes of approximately \$176,000 made by six of the satellite clinics to taxing jurisdictions.

The bill would increase state forestry tax revenue by \$4,400 [\$22 million x .0002].

To the extent that these facilities would be exempt under other statutory provisions, e.g. as property of educational or benevolent organizations, the effect of the bill would be mitigated.

Long-Range Fiscal Implications

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Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2047 (R07/2000)

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

☑ Original Updated	Corrected	Supplemental			
LRB Number 01-4276/2 Introduction Number AB-778					
Subject	-				
Property tax exemption for medical research for	oundations				
I. One-time Costs or Revenue Impacts for S annualized fiscal effect):	tate and/or Local Governmer	nt (do not include in			
II. Annualized Costs:	Annualized Fis	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 who (e.g., tax increase, decrease in license fee,	en proposal will increase or c ets.)	lecrease state revenues			
	Increased Rev	Decreased Rev			
GPR Taxes	\$	\$			
GPR Earned					
FED					
PRO/PRS					
SEG/SEG-S	4,400				
TOTAL State Revenues	\$4,400	\$			
NET ANNUA	ALIZED FISCAL IMPACT				
	<u>State</u>	Local			
NET CHANGE IN COSTS	\$	\$			
NET CHANGE IN REVENUE	\$4,400	\$-176,000			
Agency/Prepared By	Authorized Signature	Date			
DOR/ Rebecca Boldt (608) 266-6785	Brian Pahnke (608) 266-2700	1/25/02			