

Fiscal Estimate - 2001 Session

Original Updated Corrected Supplemental

LRB Number 01-4214/1	Introduction Number SB-409
Subject Property tax exemption for restaurant kitchen equipment	
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 type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input checked="" 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	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS Conservation Fund (State forestry taxes)	
Agency/Prepared By DOR/ Blair Kruger (608) 266-1310	Authorized Signature Brian Pahnke (608) 266-2700
Date 02/01/2002	

Fiscal Estimate Narratives
DOR 02/01/2002

LRB Number 01-4214/1	Introduction Number SB-409	Estimate Type Original
Subject Property tax exemption for restaurant kitchen equipment		

Assumptions Used in Arriving at Fiscal Estimate

The bill exempts from property tax machinery and equipment used primarily in the operation of a restaurant's kitchen to prepare or serve food or beverages, regardless of whether the machinery or equipment is attached to real property.

According to a survey of property assessors, about 75% of the value of Furniture, Fixtures and Equipment reported by restaurants is kitchen machinery and equipment. According to the Department of Workforce Development (DWD), there were 10,813 businesses classified Eating and Drinking Places in 2000. DWD reports the numbers of Eating and Drinking Places by size of staff. The personal property returns of 28 restaurants, bars and grills, and other eating places in the City of Madison were examined to generate estimates of the value of machinery and equipment used in the kitchens for each of 4 groups based on staff size. Assuming that values of restaurants in Madison are representative of the state as a whole and that the 10,813 Eating and Drinking Places would have kitchen machinery and equipment exempted under the bill, about \$219 million would be exempted.

At the 2000 statewide net tax rate of \$21.43 per \$1,000 of value, about \$4.7 million ($\$219 \text{ million} \times 0.02143$) in property taxes would be shifted from owners of kitchen machinery and equipment used in restaurants and other eating establishments to owners of other taxable property.

State forestry taxes would decrease by about \$44,000 ($\$219 \text{ million} \times 0.0002$) per year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-4214/1		Introduction Number SB-409	
Subject			
Property tax exemption for restaurant kitchen equipment			
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			
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 when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-44,000
TOTAL State Revenues		\$	\$-44,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-44,000	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Blair Kruger (608) 266-1310		Brian Pahnke (608) 266-2700	02/01/2002