

Fiscal Estimate Narratives

DOR 3/24/2005

LRB Number	05-2108/1	Introduction Number	AB-224	Estimate Type	Original
Subject					
Tax on car line companies					

Assumptions Used in Arriving at Fiscal Estimate

A carline company is a business that leases railroad cars and other transportation-related equipment to railroads but does not itself operate a railroad.

Under current law, carline companies are exempt from property taxes. In lieu of property taxes, these companies are subject to a state tax of 3.00% of their gross revenues allocated to Wisconsin. Proceeds are deposited in the state general fund. For revenue in a given calendar year, an estimated tax payment is made on or before September 10. The actual tax assessment is made on the following April 15, with any unpaid balances due for payment on the same date.

Under the bill, beginning with the estimated tax payment due on September 10, 2005, the tax rate on carline gross revenues would be reduced to the statewide average net property tax rate as determined by the Department of Revenue (DOR) in June of the year prior to the assessment. Thus, the tax rate on gross revenues in 2005 (assessed on April 15, 2006) would equal the statewide net property tax rate as determined by DOR in June 2005 (which would reflect property taxes for the 2004/05 property tax year).

Carline company revenues subject to taxation in 2003 were \$13,944,917. At 3%, the total tax on this revenue, as assessed on April 15, 2004, was \$418,348. Under the bill, the tax rate would have been 2.056%, equal to the statewide average net property tax rate as determined by DOR in June 2003 (or the average net tax rate for the 2002/03 property tax year). If this bill had been in effect for 2003 revenues, taxes would have been \$286,707, for a reduction of \$131,641, or about 31%.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Tax on car line companies			
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		\$	\$-131,641
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-131,641
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-131,641	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Daniel Huegel (608) 266-5705		Blair Kruger (608) 266-1310	3/23/2005