



## Fiscal Estimate Narratives

DOR 1/24/2005

LRB Number	05-0005/1	Introduction Number	SB-3	Estimate Type	Original
<b>Subject</b>					
Property tax exemption for arts education centers					

### Assumptions Used in Arriving at Fiscal Estimate

The bill would provide an exemption for all property owned or leased by a non-profit entity under section 501 (c)(3) of the Internal Revenue Code if the property includes buildings owned or leased by the entity, including one or more theaters with a seating capacity of at least 600 persons, and is located within or surrounded by a municipal park.

The exemption is intended for the Sharon Lynne Wilson Center for the Arts. The property is currently owned by the City of Brookfield and is located in a park in the city. The Wilson Center for the Arts, a non-profit entity that provides performances, exhibitions and educational programs, leases the property. The Elmbrook School District leases performance and rehearsal space in the facility for a portion of the year. The arts facility was financed by the city, but the non-profit entity is paying off the cost of the facility through the lease agreement.

Under current law, personal property owned by the Wilson Center is taxable. In 2004, the Center's personal property was assessed at \$117,000 and its taxes were about \$2,500. Under the bill, the \$2,500 in taxes would be shifted to owners of taxable property in Brookfield.

Currently, the real property used by the center is exempt from tax because it is owned by the city. However, once the entity has paid off the cost of the facility, the intent is to transfer ownership of the property from the city to the non-profit entity. Under current law, the property would become taxable at the time of the transfer, expected to be in about 17 years. Because the transfer would occur so far off in the future, its effect cannot be estimated since the value of the property and the tax rate at the time of the transfer cannot be known.

State forestry taxes would decrease by about \$25 per year under the bill.

The bill would require minor revisions to the Wisconsin Property Assessment Manual, various forms and publications, the cost of which can be absorbed.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 05-0005/1		<b>Introduction Number</b> SB-3	
<b>Subject</b>			
Property tax exemption for arts education centers			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S (Forestry)			-25
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>-\$25</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-25	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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