

Fiscal Estimate Narratives

DOR 2/8/2006

LRB Number	05-4229/2	Introduction Number	SB-531	Estimate Type	Original
Description Establishing a levy limit for technical college districts					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a technical college district's property tax levy for debt service is not limited, but the operating tax levy may not exceed 1.50 mills on the district's equalized value.

Under the bill, beginning with the tax levied in 2007, a technical college district's property tax levy may not exceed the tax imposed for the prior year. Adjustments to the levy cap would be permitted for service transfers to or from another governmental unit. The cap would also be increased by the amount needed to pay any general obligation debt service. A district that wishes to exceed the limit could do so if approved at a referendum.

PROPERTY TAXES

Except for service transfer adjustments and referendums, the bill freezes technical college operating levies at the amount levied in the 2006/07 property tax year.

Based on data from the Wisconsin Technical College System Board, the total operating tax levy for 2004/05 was \$477.4 million and for 2005/06 was \$506.2 million. Thus, if the bill had been in effect for the 2005/06 tax year, the operating levy would have been \$28.8 million (\$506.2 million - \$477.4 million) lower than under current law. This would have reduced the statewide average net tax rate by \$0.07 per \$1,000, or 0.38%. For the owner of a median-valued home (\$153,500), the net property tax would have decreased by \$10.60.

STATE AD VALOREM TAXES

Property of airlines, railroads, pipelines, conservation and regulation, and municipal electric association projects are taxed by the state at the statewide average net tax rate. Property of telephone companies is taxed at the net rate where the property is located. If this bill had been in effect for the 2005/06 tax year, state ad valorem utility taxes would have been reduced by \$408,000 (\$83,000 SEG-Transportation and \$325,000 GPR).

EXEMPT COMPUTER AID

Technical college districts receive a state payment for exempt computers equal to the amount that would have been levied on this property if it were subject to the property tax. If the bill had been in effect for the 2005/06 tax year, computer aid payments to technical college districts would have been reduced by \$217,000.

STATE TAX CREDITS

The reduction in property taxes would reduce the property tax/rent credit on state income taxes and payments under the Homestead Credit. The amount of these reductions would be minimal.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Establishing a levy limit for technical college districts			
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			-217,000
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$-217,000
B. State Costs by Source of Funds			
GPR			-217,000
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	\$		\$-325,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-83,000
TOTAL State Revenues	\$		\$-408,000
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$-217,000		\$
NET CHANGE IN REVENUE	\$-408,000		\$
Agency/Prepared By		Authorized Signature	Date
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