



## Fiscal Estimate Narratives

DOR 2/8/2012

LRB Number	11-1953/1	Introduction Number	AB-0543	Estimate Type	Original
<b>Description</b> Exempting a city, town, village, or school district from a county library tax					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a county may levy a tax for providing library services to county residents. Any municipality or school district in the county shall, upon written application to the county board, be exempted from this levy if it levies its own tax for library services at a rate equal to or more than the county rate. Both the county and municipal rates are calculated excluding amounts levied for public library capital expenditures. The county board need not grant the exemption if the municipality or school district library fails to meet certain service standards.

Under the bill, upon approval by the county board, any municipality or school district that levies a tax for library services, excluding levies for library capital expenditures, shall be exempt from the county library tax if it appropriates and spends for a library fund an amount that is not less than the average of the previous 3 years. In the first year that a municipality or school district seeks the exemption, it must have qualified for the existing exemption from the library service in each of the previous 3 years.

Based on data reported annually to the Department of Revenue (DOR) on tax apportionment sheets, there were 56 counties where the county library levy was not spread county-wide because some municipalities are exempt from the county library levy. For these 56 counties, the total county library tax for the 2011/12 property tax year was about \$46.1 million, and the average tax rate for the municipalities subject to the tax was about \$0.2575 per \$1,000 equalized value.

Based on expenditure data reported annually to the DOR on municipal financial report forms, there are municipalities that provide their own library and also pay the county library tax. The DOR does not have sufficient detail on library spending to determine whether any of these municipalities could have qualified for the current exemption from the county library tax. The DOR also is unable to determine which municipalities could qualify for the exemption under the bill.

To the extent that additional municipalities can claim an exemption from the county library tax, there will be a shift in this levy to the municipalities that remain subject to the tax, resulting in an increase in these municipalities' county library tax levy.

The bill has no effect on the DOR's administrative procedures or costs.

### Long-Range Fiscal Implications