

Fiscal Estimate - 2017 Session

Original Updated Corrected Supplemental

LRB Number 17-4811/1	Introduction Number AB-0816	
Description counting low-income pupils for state school aid purposes; calculating the amount to be appropriated for state general school aid; school aid factors; special adjustment aids; hold harmless aid; per pupil aid; school district revenue limits; the first dollar and school levy property tax credits; and making an appropriation		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(3)(b)		
Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Robert Schmidt (608) 266-5773	Date 1/12/2018

Fiscal Estimate Narratives

DOR 1/12/2018

LRB Number	17-4811/1	Introduction Number	AB-0816	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

The bill primarily affects public school aid administered by the Department of Public Instruction. The portions eliminating the school levy and first dollar property tax credits pertain to the Department of Revenue. Under the bill, December, 2017 would be the last property tax bill to include both property tax credits, with the final payment occurring on the fourth Monday in July, 2018 (FY 2019).

School Levy Credit

The school levy tax credit currently allocates \$940,000,000 to municipalities by using the average school levies for the three previous years. Municipalities allocate the credit to individuals in proportion to a taxpayer's share of the municipality's total assessed value. Municipalities are notified by November 20 of the credit they will receive in the following year. The estimated costs for the 2018 school levy credit are \$940,000,000 (paid in FY 2019).

First Dollar Credit

The first dollar tax credit currently allocates \$150,000,000 to any real estate parcel with at least one improvement. The first dollar credit is calculated by multiplying the school district tax rate by the credit value. The allocation amount, estimated claimants, and school property tax rates determine the credit value. The 2018 first dollar credit value is \$6,800. Municipalities are notified by November 20 of the credit they will receive in the following year. The estimated costs for the 2018 first dollar credit are \$149,354,700 (paid in FY 2019).

Fiscal Effect

In FY 2020, the bill reduces school levy and first dollar credit expenditures by \$1,089,354,700. Under current law, the average school levy property tax credit is \$320; the average first dollar property tax credit is \$66. The combined average for both property tax credits is \$386.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Modifications to DOR computer systems and related testing are expected to cost \$33,000. This cost can be absorbed with existing budget resources.		
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		-1,089,354,700
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	-\$1,089,354,700
B. State Costs by Source of Funds		
GPR		-1,089,354,700
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	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$-1,089,354,700	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Craig Steinfeldt (608) 266-5705	Robert Schmidt (608) 266-5773	1/12/2018