

Fiscal Estimate Narratives

DOR 3/28/2017

LRB Number	17-2552/1	Introduction Number	SB-123	Estimate Type	Original
Description the municipal treasurer's bond for tax distribution					

Assumptions Used in Arriving at Fiscal Estimate

Current law requires a municipal treasurer to execute and deliver a surety bond for double the amount of state and county taxes apportioned to the town, village, or city to the county treasurer unless the municipality enacts an ordinance obligating the payment of state and county property taxes. Under current law, the surety bond shall not exceed the sum of \$500,000. If the bond is executed or guaranteed solely by a surety company, then the amount shall not exceed \$250,000.

Under the bill, a municipal treasurer shall execute and deliver to the county treasurer a surety bond for no less than the amount of state and county taxes apportioned, unless the municipality enacts an ordinance obligating the payment of state and county property taxes.

The fiscal effect on local government costs is indeterminate. The Department of Revenue has no data on municipal surety bonds or the number of municipal governments that have enacted ordinances exempting them from the requirement.

The bill affects municipalities subject to the \$250,000 and \$500,000 limits. Since the limits represent double the state and county apportioned taxes, 1,689 municipalities exceed state and county apportioned taxes of \$125,000; 1,405 municipalities exceed state and county apportioned taxes of \$250,000. The median state and county apportioned taxes by municipality type are as follows:

Towns: \$461,800
Villages: \$217,600
Cities: \$1,149,900

Long-Range Fiscal Implications