

Fiscal Estimate - 2017 Session

Original Updated Corrected Supplemental

LRB Number 17-3532/1	Introduction Number SB-292		
Description property tax assessments based on comparable sales and market segments			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input 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	5. Types of Local Government Units Affected	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue		<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By	Authorized Signature	Date	
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Fiscal Estimate Narratives

DOR 6/9/2017

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Description property tax assessments based on comparable sales and market segments					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, the assessor shall consider the following as comparable in property assessments: (1) sales or rentals of properties exhibiting the same or a similar highest and best with placement in the same real estate market segment; (2) sales or rentals of properties that are similar to the property being assessed with regard to age, condition, use, type of construction, location, design, physical features, and economic characteristics, including occupancy and potential to generate rental income. A property is not comparable if a seller places any deed restrictions that changes the highest and best use, impairs the property's marketability, or a property is a dark property.

The term dark property is defined under the bill as a property that is vacant or unoccupied beyond the normal period for property in the same real estate market segment. The bill defines highest and best use as a use that is legally permissible, physically possible, financially feasible, and that provides the highest net return. The bill also defines real estate market segment as a pool of potential buyers and sellers, including investors or owner-occupants that typically buy or sell properties similar to assessed property. The pool of buyers and sellers may be found locally, regionally, nationally, or internationally.

Fiscal Estimate

The fiscal estimate is indeterminate as the department lacks parcel level data and cannot determine the scale and scope of changes in property assessments as a result of the bill. To the extent the assessment standards result in higher assessments for affected property, the bill will shift a higher portion of the property tax levy to those properties.

The impact on tax increments is indeterminate and dependent upon the location of properties that may be assessed at higher levels as a result of the bill.

Long-Range Fiscal Implications