

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5431/1	Introduction Number SB-726
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Description
 leasing tax exempt property of a church or religious organization to an educational association

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input checked="" type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
3. <input type="checkbox"/> Increase Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

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 DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Jamie Adams (608) 266-6785	Date 1/27/2020
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Fiscal Estimate Narratives

DOR 1/27/2020

LRB Number 19-5431/1	Introduction Number SB-726	Estimate Type Original
Description leasing tax exempt property of a church or religious organization to an educational association		

Assumptions Used in Arriving at Fiscal Estimate

Current law provides a property tax exemption for property owned by educational associations and institutions, benevolent associations, churches, and religious associations. Leasing such property does not render the property taxable provided the lessor uses the leasehold income for maintenance or construction debt retirement of the leased property. Current law allows some leased property to retain its exemption regardless of how the leasehold income is used. Under the bill, leasing all or part of any property owned by a church or religious organization to an educational association or institution that is also exempt from taxation does not render the property taxable, regardless of how the lessor uses the leasehold income.

Under the bill, exempting taxable leased property would result in a tax shift to other taxable property. The statewide local fiscal effect is indeterminate as the department does not have complete parcel level data for such determination. For Milwaukee County 2019-20 property taxes, the bill would result in a property tax shift of at least \$55,200 and a minimal property tax increase on other taxable properties.

The bill would not impact tax increments.

Long-Range Fiscal Implications