

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-0672/2	Introduction Number AB-0350	
Description State payments for municipal services		
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 type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" 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 type="checkbox"/> Counties <input type="checkbox"/> Others <input 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 checked="" type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(5)(a) & 20.505(5)(ka) & various		
Agency/Prepared By DOA/ Kris Frederick (608) 261-2292	Authorized Signature Colleen Holtan (608) 266-1359	Date 11/23/2015

Fiscal Estimate Narratives

DOA 11/23/2015

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Description					
State payments for municipal services					

Assumptions Used in Arriving at Fiscal Estimate

2015 Assembly Bill (AB) 350 would require that 65% of the full amount of municipal service payments be paid to municipalities in fiscal year (FY) 2017, 80% in FY 2018, 95% in FY 2019 and 100% in FY 2020. Through municipal service payments, the state provides annual payments to reimburse municipalities for all or a portion of property tax supported expenses incurred in providing services to state facilities, which are exempt from property taxation. The Division of Intergovernmental Relations administers the municipal services payment program for all state-owned buildings, calculating the amount to be paid; making payments to municipalities from the appropriation under s. 20.835 (5) (a), Stats.; and assessing agencies for the municipal services paid for non-general purpose revenue supported buildings. The assessment made to the Department of Administration (Department) for buildings that it owns and operates is paid from s. 20.505 (5) (ka), Stats.

Municipal Services Payments for Calendar Year 2015 Distribution (reflecting 2013 service costs, local revenues and property values), provided \$18,584,200 in payments. The amount represents 42.1% of total eligible municipal costs ("entitlements") of \$44,162,447. Based on the FY 2015 payment, the full amount would require increases in the appropriation of \$10,121,391 in FY 2017, \$16,745,758 in FY 2018, \$23,370,125 in FY 2019, and \$25,578,247 in FY 2020, respectively. The percentage increase those amounts represent is 54%, 90%, 126% and 138%, respectively. The amounts do not reflect increases in municipal entitlements, which have increased by an average of 7.5% annually during fiscal years 2010-2014.

AB 350 would also result in an increase in state agencies' assessments for municipal service payments for program revenue, program revenue-service and segregated revenue funded facilities. Based on the FY 2015 payment, the total increase by FY 2020 would be \$12,947,795, from \$9,407,400 to \$22,355,194, and the source from which these costs would be paid by each agency is indeterminable, except for those paid by the Department. The increase in state agencies' assessments over the FY 2015 payment, with no assumed increase in municipal entitlements, would be \$5,570,162 in FY 2017, \$8,862,257 in FY 2018, \$12,176,641 in FY 2019, and \$12,947,795 in FY 2020. The increase in the Department's assessments over the FY 2015 payment, with no assumed increase in municipal entitlements, would be \$634,047 in FY 2017, \$1,049,026 in FY 2018, \$1,464,004 in FY 2019, and \$1,602,330 in FY 2020. The Department's increases would be program revenue-service.

The increase in municipal services payments by the state to municipalities would increase revenue provided to municipalities in an amount commensurate with the increase in municipal services payments from the appropriation under s. 20.835 (5) (a), Stats, (i.e., \$25,578,247 increase to a total payment of \$44,162,447).

The legislation provides for a change in the methodology for calculating municipal services payments. There would be no workload and fiscal impact on the Department resulting from this aspect of the change.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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Description State payments for municipal services		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$0	\$0
(FTE Position Changes)	(0.0 FTE)	(-0.0 FTE)
State Operations - Other Costs	12,947,795	0
Local Assistance	25,578,247	0
Aids to Individuals or Organizations	0	0
TOTAL State Costs by Category	\$38,526,042	\$0
B. State Costs by Source of Funds		
GPR	25,578,247	0
FED	0	0
PRO/PRS (20.505(5)(ka), et al)	12,947,795	0
SEG/SEG-S	0	0
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$0	\$0
GPR Earned	12,947,795	0
FED	0	0
PRO/PRS	0	0
SEG/SEG-S	0	0
TOTAL State Revenues	\$12,947,795	\$0
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$38,526,042	\$0
NET CHANGE IN REVENUE	\$12,947,795	\$25,578,247
Agency/Prepared By		
Authorized Signature		Date
DOA/ Kris Frederick (608) 261-2292		11/23/2015
Colleen Holtan (608) 266-1359		