



Legislative Fiscal Bureau

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May 21, 2003

Joint Committee on Finance

Paper #674

State Aid for Exempt Computers, Cash Registers, and Fax Machines (Shared Revenue and Tax Relief -- Direct Aid Payments)

[LFB 2003-05 Budget Summary: Page 385, #8]

CURRENT LAW

The state aid payment for computers was created in the 1998 budget adjustment bill (1997 Wisconsin Act 237) to compensate local governments for tax base lost due to the property tax exemption for computers, software, and related equipment. Aid payments are calculated using a formula that results in an aid amount equal to the amount of taxes that would be paid if the property was taxable. Under the procedure, computer owners report the value of exempt computers to assessors, and local governments calculate their tax rates as if the exempt value was taxable. Aid payments are calculated by multiplying the two amounts. A property tax exemption for fax machines, except those that are also copiers, and cash registers was created in the 2001-03 biennial budget bill (2001 Wisconsin Act 16), effective with property assessed as of January 1, 2003. State aid payments were extended for this exempt property, as well, and will begin in 2004 (2003-04). Base funding for payments is \$78,400,000 GPR.

GOVERNOR

Decrease funding by \$6,420,000 GPR in 2003-04 and \$9,615,000 GPR in 2004-05 to reflect projected changes in the value of exempt computers, cash registers, and fax machines and local tax rates. Total aid payments are estimated at \$71,980,000 in 2003-04 and \$68,785,000 in 2004-05.

MODIFICATION

Increase estimated aid payments by \$920,000 GPR in 2003-04 and \$5,115,000 GPR in 2004-05. Estimate total payments at \$72,900,000 in 2003-04 and \$73,900,000 in 2004-05.

Explanation: The reestimate reflects higher estimated computer values in 2004 and the incorporation of local government tax rates that reflect state aid policies proposed in SB 44. The revised figures remain lower than the base by \$5,500,000 in 2003-04 and \$4,500,000 in 2004-05.

<u>Modification</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	\$6,035,000

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