

Shared Revenue and Tax Relief

Property Tax Credits

(LFB Budget Summary Document: Page 404)

LFB Summary Items for Which an Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	School Levy Tax Credit Increase (Paper #595)
4	Homestead Tax Credit Reestimate (Paper #596)
5	Farmland Preservation Per-Acre Credit Reestimate (Paper #597)
-	First Dollar Credit Reestimate (Paper #598)



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May 14, 2015

Joint Committee on Finance

Paper #595

School Levy Tax Credit Increase (Shared Revenue and Tax Relief -- Property Tax Credits)

[LFB 2015-17 Budget Summary: Page 404, #1]

CURRENT LAW

The school levy tax credit is distributed based on each municipality's share of statewide levies for school purposes during the three preceding years. These amounts are apportioned within municipalities based on each property's assessed value as a percent of the corresponding municipality's total assessed value. Total funding for the school levy tax credit is \$747,400,000 GPR. School levy tax credits used to reduce tax bills in December of one year are paid on the fourth Monday of July of the following year, which is in the next state fiscal year.

GOVERNOR

Increase the distribution amount for the school levy tax credit by \$105,600,000, from \$747,400,000 to \$853,000,000, beginning with property taxes levied in December, 2015. For the December, 2015, credit, pay the entire \$853,000,000 on the fourth Monday of July in 2016. Beginning with the December, 2016, credit, pay \$105,600,000 on the fourth Monday of the following June, and pay \$747,400,000 on the fourth Monday of the following July. Increase the appropriation used to fund the credit by \$211,200,000 GPR in 2016-17 (\$105,600,000 for the increased payment in July, 2016, related to 2015 property taxes and \$105,600,000 for the payment in June, 2017, related to 2016 property taxes). The effect of this provision would be to continue to defer the entire school levy tax credit to the following fiscal year for the December, 2015, credit, but then to start funding the increase in the same fiscal year as the credit is extended beginning with the December, 2016, credit. As a result of this change, the funding needed for the credit would be \$958,600,000 in 2016-17, but would decrease to \$853,000,000 annually beginning in 2017-18.

Delete the references to the fourth Monday in July related to the requirements of counties and municipalities on the settlement of the credits with underlying taxing jurisdictions to reflect the establishment of two separate payment dates for the credit.

DISCUSSION POINTS

1. On a tax year basis, the school levy tax credit has been funded at \$747.4 million since 2008(09), and the amount of property taxes offset by the credit for a typical homeowner has decreased from \$250 in 2008(09) to \$235 in 2014(15). The decrease is due to new property being created through new construction, thereby receiving the credit in one year when no credit was received in the prior year, and due to residential property appreciating or depreciating in value at rates different from other types of property. The biennial budget bill proposes to increase tax credit funding by \$105.6 million to \$853.0 million annually, and the typical homeowner's tax credit would increase to an estimated \$265 in 2015(16).

2. The estimated homeowner impacts are produced by dividing the total school levy tax credit distribution by the statewide equalized value and multiplying the result by an estimated home value. The estimated home value is based on the 2000 median value of an owner-occupied home in Wisconsin, as determined in the 2000 decennial census, adjusted in the intervening years by the economic change in residential property values, as determined by the Department of Revenue (DOR). The estimated tax bills are calculated by multiplying the home values by statewide average tax rates and extending state property tax credits using the same procedures employed by local governments when they issue tax bills. This methodology allows the impact of property tax changes to be tracked for a representative home through time.

3. Over the last four years, the preceding methodology has resulted in estimated tax bill reductions each year. The largest reduction occurred in 2014(15) when 2013 Acts 20 and 46 combined to provide a general school aid increase of \$94.4 million, and 2013 Act 145 created the property tax relief program, which provided an additional \$406.0 million in aid for technical college districts beginning in 2014-15. Also, Act 145 created a new fiscal control for technical college districts that ensured the additional aid was used to reduce tax levies.

4. Table 1 reports tax bill estimates for 2010(11) through 2016(17). The estimates are for the state as a whole. The tax impacts in individual municipalities would vary considerably from these figures. The tax bill estimates for 2010(11) through 2014(15) are based on actual property tax levies, as compiled by DOR from reports filed by local governments. The tax bill estimates for 2015(16) and 2016(17) are based on estimated tax levies by type of taxing jurisdiction and reflect the policies proposed in the Governor's biennial budget bill. Tax bill reductions of \$8 in 2015(16) and \$3 in 2016(17) are estimated, resulting in six consecutive years of estimated tax bill decreases.

TABLE 1

**Estimated Property Tax Bills for a Median-Valued Home
Tax Years 2010(11) - 2016(17)**

	<u>2010(11)</u>	<u>2011(12)</u>	<u>2012(13)</u>	<u>2013(14)</u>	<u>2014(15)</u>	<u>2015(16)*</u>	<u>2016(17)*</u>
Home Value**	\$161,355	\$157,692	\$151,148	\$147,989	\$150,505	\$154,268	\$159,205
Type of Tax							
School	\$1,575	\$1,552	\$1,541	\$1,533	\$1,543	\$1,545	\$1,515
Municipal	813	822	827	833	848	859	873
County	655	659	657	657	664	669	674
Tech. College	254	258	260	260	132	133	135
Other	<u>61</u>	<u>60</u>	<u>59</u>	<u>59</u>	<u>60</u>	<u>61</u>	<u>63</u>
Gross Tax	\$3,358	\$3,351	\$3,344	\$3,342	\$3,247	\$3,267	\$3,260
Tax Credits							
School Levy	-243	-242	-240	-237	-235	-265	-262
Lottery	-85	-89	-94	-113	-113	-110	-109
First Dollar	<u>-67</u>	<u>-67</u>	<u>-67</u>	<u>-66</u>	<u>-67</u>	<u>-68</u>	<u>-68</u>
Net Tax Bill	\$2,963	\$2,953	\$2,943	\$2,926	\$2,832	\$2,824	\$2,821
Change from Prior Year							
Gross Tax							
- Amount		-\$7	-\$7	-\$2	-\$95	\$20	-\$7
- Percent		-0.2%	-0.2%	-0.1%	-2.8%	0.6%	-0.2%
Net Tax							
- Amount		-\$10	-\$10	-\$17	-\$94	-\$8	-\$3
- Percent		-0.3%	-0.3%	-0.6%	-3.2%	-0.3%	-0.1%

* Based on estimated tax levies reflecting the provisions proposed in AB 21/SB 21.

** Based on the 2000 U.S. Census, adjusted for the annual change in residential property values due to economic factors.

5. The Governor's Budget in Brief lists a number of major budget initiatives, including "growing our economy." A major component of that initiative is property tax relief, to be achieved by: (a) maintaining current law property tax controls; (b) providing \$211.2 million over the biennium for increased funding to the school levy tax credit; and (c) providing \$108.1 million in general school equalization aids in fiscal year 2016-17.

6. Without the additional tax credit funding, the estimated tax bill would increase from \$2,832 in 2014(15) to \$2,857 in 2015(16), or by \$25. Compared to the estimates in Table 1, tax bills would be higher by \$33 in 2015(16) and \$32 in 2016(17). If a year-to-year tax bill decrease is a priority for the Legislature, the proposed increase in school levy tax credit funding is one

mechanism to achieve that objective. However, increases in other property tax relief programs can achieve the same objective. While other property tax relief programs could be used to distribute the proposed funding increase, those programs utilize different distribution formulas and would affect properties differently, depending on where the property is located.

Aid for Technical College Districts

7. In the 2013-15 biennium, Act 145 created the property tax relief program, which provided an additional \$406.0 million in aid for technical college districts in 2014-15. The Act also replaced the levy limit on technical college districts with a revenue limit. Under the limit, a district cannot increase revenue, defined as the sum of its tax levy and property tax relief aid, in any year by a percentage greater than its valuation factor, defined as its increase in tax base due to new construction. The mechanics of the revenue limit ensure that increases in property tax relief funding reduce technical college district tax levies on a dollar-for-dollar basis.

8. Property tax relief aid is distributed in proportion to each technical college district's share of the state's equalized value and reduces the mill rate for each district by an identical amount. In 2014(15), the \$406.0 million distribution equaled \$0.88 per \$1,000 of taxable value, so a property valued at \$100,000 received an \$88 tax bill reduction. Properties with higher values received larger reductions, and properties with lower values received smaller reductions. The bill would maintain the \$406.0 million funding level for property tax relief aid in 2015-16 and 2016-17, so an additional \$105.6 million would increase the funding level by 26.0%. Statewide technical college district tax levies are estimated at \$415.3 million in 2015(16) and \$424.1 million in 2016(17). An additional \$105.6 million in property tax relief aid would reduce property tax levies for technical college districts by an estimated 25.4% in 2015(16) and 24.9% in 2016(17). [Alternative #2]

School District Equalization Aid

9. The state's most recent Annual Fiscal Report lists school aids as the state's largest program in 2013-14, comprising 35.1% of all GPR expenditures. Under school district revenue limits, the amount of revenue that a district can raise from general school aids, computer aid, and property taxes is restricted. Each district's revenue limit is calculated on a per pupil basis using a three-year rolling average of the school district's enrollment. Consequently, increases and decreases in enrollment result in increases or decreases in the amount of revenue the district may raise. State law sets the per pupil adjustment that is allowed each year. The adjustment was set at \$50 per pupil for 2012-13 and increased to \$75 per pupil for 2013-14 and 2014-15. AB 21/SB 21 would maintain current law under which a per pupil adjustment of \$0 would be provided in both 2015-16 and 2016-17. Like the limit for technical college districts, the revenue limit program ensures that increases in state aid for school districts reduce school district tax levies on a dollar-for-dollar basis.

10. State funding in the general school aids appropriation is set at \$4,476.0 million in 2014-15. Although no change in funding is proposed for 2015-16, AB 21/SB 21 would provide an additional \$108.1 million in funding in 2016-17. An additional \$105.6 million annually would increase base year funding by 2.4% in 2015-16 and 4.8% in 2016-17, when combined with the funding increase already proposed [Alternative #3]. Distributing the additional funding as equalization aid would enhance the state policy of equalizing the fiscal capacities of school districts.

Under that policy a district's property tax rate depends on the district's level of per pupil expenditures, instead of the amount of tax base in the district. The rate at which school costs are aided is determined by comparing a district's per pupil tax base to the state's guaranteed tax base. Equalization aid is provided to make up the difference between the district's actual tax base and the state's guaranteed tax base. Thus, there is an inverse relationship between equalization aid and property valuations. Those districts with low per pupil property valuations receive a larger share of their costs through equalization aid than districts with high per pupil property valuations.

11. The focus of this analysis is the incremental effect of redirecting the \$105.6 million, as opposed to the overall effects of the state's tax base equalization policy. Increasing equalization aid funding would have disproportional effects on school districts and taxpayers because some districts would receive large aid increases, some districts would receive small aid increases, and aid for some districts would be unchanged. This occurs because aid amounts diminish as districts' per pupil property valuations approach the state guaranteed tax base level. A higher funding level would produce a higher guaranteed tax base and benefit districts with higher per pupil property valuations.

School Levy Tax Credit

12. Generally, school levy tax credits provide a proportional reduction in the amount of school taxes imposed on each property, although this proportionality is somewhat disturbed by the use of three prior years' data to compute the credit. Since school tax levies totaled \$4,754.3 million in 2014(15), the \$747.4 million in tax credit funding reduced school tax bills by an average of 15.7% ($\$747.4 / \$4,754.3$). Relative to the option presented above, this alternative could be viewed as favoring taxpayers in school districts with relatively higher spending levels and higher per pupil property values. Because these districts receive relatively less equalization aid, most of the cost of operating these districts is funded from property tax levies. Because tax credits are currently allocated based on each district's school levy in proportion to statewide levies, these districts receive relatively more funding than districts that have more of their costs supported from general aid.

13. The attachment to this paper displays the estimated tax bill reduction on a \$100,000 property under the three alternatives presented above. The estimates are arranged by school district, with the K-12 districts presented first and the UHS/K-8 combinations included on the final two pages. The estimates were calculated using 2014(15) property tax year data.

Payment Timing

14. Current law establishes the fourth Monday in July as the payment date for the school levy tax credit. For example, tax bills issued in December, 2014, reflect school levy tax credits that the state will pay on behalf of property owners in July, 2015. Under AB 21/SB 21, the proposed increase for both tax years would be paid in the same fiscal year (2016-17) because the bills would create a new payment date, the fourth Monday in June, for the payment increase. However, that payment date would first be used in the 2016-17 fiscal year for the 2016(17) property tax year, and the credit increase for the 2015(16) property tax year would be paid on the current payment date (July, 2016), also in the 2016-17 fiscal year.

15. If the additional tax credit funding was used instead to increase aid to school districts

or technical college districts, \$105.6 million annually would need to be paid in fiscal year 2015-16 and in fiscal year 2016-17, in order to achieve the tax bill targets under the Governor's proposal. Relative to the bills, this funding shift would cause the state's general fund to post a negative balance in 2015-16, because the condition statement for the state's general fund reflects a 2015-16 gross balance estimated at \$92.0 million and a net balance estimated at \$27.0 million. The funding shift would not affect the estimated closing balance for the biennium, as the total payments would remain at \$211.2 million.

16. Property tax relief aid is distributed to technical college districts as a single payment in February of each year (although to date, only a single payment, in February, 2015, has been made). Equalization aid is distributed to school districts according to the following statutory payment schedule: 15% on the third Monday in September; 25% on the first Monday in December; 25% on the fourth Monday in March; and 35% on the third Monday in June. However, the state pays \$75 million of equalization aid on a delayed basis, with districts receiving these monies on the fourth Monday in July of the following school year. If there is a desire to pay the additional funding as state aid for technical college districts or for school districts, a July payment date could be used in 2016, on a one-time basis. Technical college districts or school districts would be instructed to treat the payments as if they had been received in the previous fiscal year.

17. While state expenditures are recognized when they are paid for budgetary purposes, they are recognized when they are incurred under generally accepted accounting principles (GAAP). For the fiscal year ended June 30, 2014, the Comprehensive Annual Financial Report (CAFR) indicates that the school levy tax credit program created a \$567.1 million liability to the state's general fund under GAAP. This treatment reflects that almost 52% of the credit payments are eventually received by school and technical college districts, and they have fiscal years that end before the payment is made. Therefore, the credits due these districts are reflected as a liability (\$747.4 million x 51.77% = \$386.9 million). The remaining \$360.5 million in credits are due to districts that operate on a calendar year basis. Under GAAP, half of the payments that they eventually receive is due in the January to June period, and half is due in the July to December period. Therefore, half of the credit payments due these districts is reflected as a GAAP liability (\$360.5 million x 50% = \$180.2 million).

18. Acknowledging the school levy tax credit's impact on the state's GAAP deficit, the Budget in Brief indicates that the proposal to create a new payment date for the additional tax credits is intended to "improve fiscal management." Beginning in 2016-17, the bill proposes to pay \$105.6 million in June of each year. Based on the preceding analysis, school and technical college districts would receive payments in the fiscal year in which the payments are due, so there would be no change to the GAAP liability relative to these districts. The other taxing jurisdictions operate on a calendar year basis and should expect to receive half of their payments by June and half of their payments after June. Therefore, half of their share of the \$105.6 million would be paid before due. Based on the percentages for 2013-14 reported above, the June payment would reduce the GAAP liability by an estimated \$25.5 million, or from \$567.1 million to \$541.6 million.

19. Under AB 21/SB 21, the additional \$105.6 million would be paid in July, 2016, relative to the 2015(16) tax year, and in June, 2017, relative to the 2016(17) tax year. By continuing

to make the payment in July, rather than June, GPR expenditures would be reduced by \$105.6 million in 2016-17, relative to the Governor's proposal [Alternative #4]. This modification would not affect the property tax estimates displayed in Table 1. Instead, this change would make \$105.6 million GPR available for other purposes in 2016-17, but would increase the GAAP deficit by an estimated \$80.2 million.

20. As noted above, the school levy tax credit provisions in AB 21/SB 21 would reduce the GAAP deficit by an estimated \$25.5 million, and paying the increased funding in July would increase the GAAP deficit by an estimated \$80.2 million. The two most recent CAFRs indicate that the general fund GAAP deficit decreased from \$1,733.8 million for 2012-13 to \$1,381.8 million for 2013-14. The most significant factor contributing to the decrease was receivables and payables for individual income taxes, which changed from -\$1,066.7 million for 2012-13 to -\$725.9 million for 2013-14. This change is due primarily to withholding table modifications that took effect in April, 2014.

ALTERNATIVES

1. Approve the Governor's proposal to increase the school levy tax credit appropriation by \$211,200,000 in 2016-17, increase the school levy tax credit distribution by \$105,600,000 annually, create a new payment date in June, beginning in 2016, and make minor changes to property tax settlement dates to accommodate the new payment date.

2. Delete the Governor's proposal and, instead, increase the property tax relief aid appropriation for technical college districts by \$211,200,000 GPR in 2016-17. In addition, increase the distribution for property tax relief aid from \$406,000,000 annually to \$511,600,000 annually beginning in the 2015-16 technical college year. For the 2015-16 technical college year, specify that \$406,000,000 be distributed on February 19, 2016, and the remaining \$105,600,000 be distributed on July 25, 2016. Require technical college districts to treat the July payment as if it had been received in the previous fiscal year. Beginning in the 2016-17 technical college year, specify that \$511,600,000 be distributed annually on the third Friday in February. Specify that any aid in excess of the operating levy be used to reduce the district's debt levy.

3. Delete the Governor's proposal and, instead, increase the general school aids appropriation for school districts by \$211,200,000 GPR in 2016-17. In addition, increase the distribution for general school aid from \$4,475,960,500 to \$4,581,560,500 in the 2015-16 school year and from \$4,584,098,000 to \$4,689,698,000 in the 2016-17 school year. Relative to the 2015-16 school year distribution, specify that \$105,600,000 be distributed on July 25, 2016, in addition to the \$75,000,000 scheduled for distribution on that date under current law provisions. Beginning in the 2016-17 school year, the additional \$105,600,000 would be distributed under the payment procedures established under current law.

4. Modify the Governor's proposal by deleting the creation of a payment on the fourth Monday of June, beginning in 2017. Delete the provision setting the distribution at \$958,600,000 in 2016-17 and \$853,000,000 in 2017-18 and thereafter. Instead, set the distribution at \$853,000,000 in 2016-17 and thereafter. Delete the provisions related to the settlement of the credits.

ALT 4	Change to Bill
GPR	-\$105,600,000

5. Delete provision.

ALT 5	Change to Bill
GPR	-\$211,200,000

Prepared by: Rick Olin
Attachment

ATTACHMENT

Estimated Tax Bill Reduction on a \$100,000 Property by Distributing \$105.6 Million Under Three Alternatives, Based on 2014(15) Tax Year Data & Displayed by School District*

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Abbotsford	\$18.77	\$27.90	\$22.77
Adams-Friendship Area	22.97	26.85	22.77
Albany	26.22	26.63	22.77
Algoma	21.08	27.37	22.77
Alma	19.49	0.16	22.77
Alma Center	21.88	27.33	22.77
Almond-Bancroft	21.75	27.16	22.77
Altoona	17.60	26.54	22.77
Amery	25.39	27.71	22.77
Antigo	19.33	27.84	22.77
Appleton Area	20.97	27.18	22.77
Arcadia	22.53	26.88	22.77
Argyle	23.77	26.61	22.77
Ashland	20.16	27.91	22.77
Ashwaubenon	20.81	25.64	22.77
Athens	24.70	27.58	22.77
Auburndale	23.39	27.34	22.77
Augusta	22.08	26.75	22.77
Baldwin-Woodville Area	22.49	26.62	22.77
Bangor	23.90	25.86	22.77
Baraboo	19.07	27.57	22.77
Barneveld	22.26	26.65	22.77
Barron Area	25.57	27.57	22.77
Bayfield	22.01	0.01	22.77
Beaver Dam	19.84	27.61	22.77
Beecher-Dunbar-Pembine	26.10	0.02	22.77
Belleville	23.97	27.81	22.77
Belmont Community	21.97	26.24	22.77
Beloit	20.46	27.34	22.77
Beloit Turner	25.88	27.80	22.77
Benton	27.68	27.46	22.77
Berlin Area	20.77	27.08	22.77
Birchwood	14.87	0.00	22.77
Black Hawk	21.95	26.84	22.77
Black River Falls	19.26	27.46	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Blair-Taylor	\$18.56	\$26.86	\$22.77
Bloomer	23.78	27.07	22.77
Bonduel	21.20	27.30	22.77
Boscobel Area	19.96	27.45	22.77
Bowler	22.63	28.29	22.77
Boyceville Community	25.89	27.70	22.77
Brillion	23.14	27.51	22.77
Brodhead	20.61	26.96	22.77
Brown Deer	31.86	28.68	22.77
Bruce	21.27	26.80	22.77
Burlington Area	23.48	26.81	22.77
Butternut	24.61	27.72	22.77
Cadott Community	19.15	26.88	22.77
Cambria-Friesland	23.24	26.95	22.77
Cambridge	29.49	26.66	22.77
Cameron	21.72	27.02	22.77
Campbellsport	22.64	27.04	22.77
Cashton	21.85	27.40	22.77
Cassville	28.92	0.25	22.77
Cedar Grove-Belgium Area	21.58	27.84	22.77
Cedarburg	21.45	26.42	22.77
Chequamegon	16.81	0.14	22.77
Chetek-Weyerhaeuser	21.77	0.17	22.77
Chilton	23.52	26.80	22.77
Chippewa Falls Area	18.93	26.66	22.77
Clayton	25.53	28.43	22.77
Clear Lake	23.92	27.62	22.77
Clinton Community	24.59	26.53	22.77
Clintonville	23.43	27.58	22.77
Cochrane-Fountain City	21.49	26.77	22.77
Colby	18.06	27.21	22.77
Coleman	19.63	27.56	22.77
Colfax	20.25	27.36	22.77
Columbus	23.78	26.82	22.77
Cornell	24.02	27.30	22.77
Crandon	18.91	26.43	22.77
Crivitz	18.39	0.02	22.77
Cuba City	24.22	27.10	22.77
Cudahy	20.70	26.29	22.77
Cumberland	23.30	22.98	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
D C Everest Area	\$22.09	\$27.82	\$22.77
Darlington Community	24.24	26.78	22.77
Deerfield Community	27.58	27.20	22.77
DeForest Area	23.46	26.51	22.77
Delavan-Darien	23.43	28.05	22.77
Denmark	20.06	27.13	22.77
DePere	23.67	26.40	22.77
DeSoto Area	25.07	26.73	22.77
Dodgeland	26.16	27.05	22.77
Dodgeville	26.71	28.98	22.77
Drummond	9.31	0.00	22.77
Durand	23.11	27.24	22.77
East Troy Community	23.39	26.65	22.77
Eau Claire Area	21.16	26.72	22.77
Edgar	22.81	27.66	22.77
Edgerton	22.01	26.44	22.77
Elcho	13.59	0.00	22.77
Eleva-Strum	24.44	26.93	22.77
Elk Mound Area	20.90	26.59	22.77
Elkhart Lake-Glenbeulah	17.29	0.03	22.77
Elkhorn Area	24.77	27.60	22.77
Ellsworth Community	24.47	27.62	22.77
Elmbrook	21.67	0.02	22.77
Elmwood	33.60	27.60	22.77
Evansville Community	26.03	27.50	22.77
Fall Creek	21.88	26.30	22.77
Fall River	19.87	25.85	22.77
Fennimore Community	19.67	27.66	22.77
Flambeau	24.16	25.79	22.77
Florence	19.64	0.04	22.77
Fond du Lac	21.58	27.32	22.77
Fort Atkinson	24.63	26.87	22.77
Franklin Public	24.89	25.94	22.77
Frederic	23.83	27.54	22.77
Freedom Area	20.55	26.88	22.77
Galesville-Ettrick	22.79	26.61	22.77
Germantown	21.63	26.27	22.77
Gibraltar Area	6.49	0.00	22.77
Gillett	21.72	26.65	22.77
Gilman	24.33	27.16	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Gilmanton	\$27.85	\$26.56	\$22.77
Glenwood City	21.74	27.91	22.77
Goodman-Armstrong	26.95	0.07	22.77
Grafton	23.55	26.40	22.77
Granton Area	24.38	27.03	22.77
Grantsburg	24.07	27.40	22.77
Green Bay Area	22.17	27.56	22.77
Green Lake	14.63	0.00	22.77
Greendale	26.24	26.32	22.77
Greenfield	26.13	27.29	22.77
Greenwood	27.37	27.45	22.77
Gresham	22.02	27.38	22.77
Hamilton	22.79	26.01	22.77
Hayward Community	14.18	0.01	22.77
Highland	33.45	27.59	22.77
Hilbert	19.88	26.39	22.77
Hillsboro	21.04	27.85	22.77
Holmen	23.23	26.11	22.77
Horicon	23.37	26.81	22.77
Hortonville	20.04	26.93	22.77
Howards Grove	23.57	27.44	22.77
Howard-Suamico	19.81	26.64	22.77
Hudson	19.47	25.51	22.77
Hurley	21.11	27.06	22.77
Hustisford	22.95	27.03	22.77
Independence	25.87	26.46	22.77
Iola-Scandinavia	22.04	27.16	22.77
Iowa-Grant	25.58	27.84	22.77
Ithaca	26.09	27.47	22.77
Janesville	20.94	26.47	22.77
Jefferson	25.14	27.44	22.77
Johnson Creek	18.19	26.89	22.77
Juda	24.95	27.23	22.77
Kaukauna Area	19.54	26.87	22.77
Kenosha	23.95	26.90	22.77
Kettle Moraine	22.62	26.27	22.77
Kewaskum	21.55	26.83	22.77
Kewaunee	20.73	26.33	22.77
Kickapoo Area	23.06	27.63	22.77
Kiel Area	21.08	27.46	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Kimberly Area	\$20.52	\$27.72	\$22.77
Kohler	24.72	0.02	22.77
LaCrosse	25.11	26.79	22.77
Ladysmith	24.14	25.70	22.77
LaFarge	25.02	27.83	22.77
Lake Holcombe	20.74	0.04	22.77
Lake Mills Area	22.29	26.24	22.77
Lancaster Community	23.70	26.65	22.77
Laona	36.04	25.69	22.77
Lena	24.86	26.88	22.77
Little Chute Area	19.01	27.46	22.77
Lodi	25.57	26.73	22.77
Lomira	19.57	26.30	22.77
Loyal	18.89	27.31	22.77
Luck	23.41	28.50	22.77
Luxemburg-Casco	18.89	27.20	22.77
Madison Metropolitan	24.50	26.65	22.77
Manawa	22.11	27.03	22.77
Manitowoc	18.45	26.24	22.77
Maple	27.12	26.67	22.77
Marathon City	22.45	26.77	22.77
Marinette	22.09	28.47	22.77
Marion	19.47	26.80	22.77
Markesan	24.89	26.82	22.77
Marshall	24.76	27.72	22.77
Marshfield	20.55	27.19	22.77
Mauston	26.98	26.54	22.77
Mayville	20.88	26.66	22.77
McFarland	26.46	26.18	22.77
Medford Area	16.70	26.43	22.77
Mellen	23.37	27.35	22.77
Melrose-Mindoro	23.01	26.80	22.77
Menasha	21.07	27.54	22.77
Menominee Indian	23.28	27.82	22.77
Menomonee Falls	23.75	25.81	22.77
Menomonie Area	22.88	26.99	22.77
Mequon-Thiensville	19.24	0.02	22.77
Mercer	11.99	0.00	22.77
Merrill Area	21.17	27.99	22.77
Middleton-Cross Plains	22.27	0.05	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Milton	\$20.54	\$26.22	\$22.77
Milwaukee	26.74	30.02	22.77
Mineral Point	25.50	27.15	22.77
Mishicot	22.02	27.18	22.77
Mondovi	20.11	27.13	22.77
Monona Grove	26.73	27.19	22.77
Monroe	24.00	27.13	22.77
Montello	19.38	26.84	22.77
Monticello	27.18	26.81	22.77
Mosinee	20.40	27.16	22.77
Mount Horeb Area	22.54	27.18	22.77
Mukwonago	21.24	26.55	22.77
Muskego-Norway	23.92	26.16	22.77
Necedah Area	25.22	13.64	22.77
Neenah	18.66	26.81	22.77
Neillsville	19.74	26.73	22.77
Nekoosa	24.41	26.86	22.77
New Auburn	22.30	0.05	22.77
New Berlin	24.11	20.87	22.77
New Glarus	24.99	27.32	22.77
New Holstein	21.34	26.85	22.77
New Lisbon	24.21	27.38	22.77
New London	21.31	27.25	22.77
New Richmond	25.41	26.60	22.77
Niagara	18.60	27.53	22.77
North Crawford	21.93	27.48	22.77
North Fond du Lac	21.02	27.64	22.77
Northern Ozaukee	24.98	27.02	22.77
Northland Pines	13.63	0.00	22.77
Northwood	13.77	0.00	22.77
Norwalk-Ontario	22.75	28.44	22.77
Oak Creek-Franklin	21.33	27.53	22.77
Oakfield	21.23	26.47	22.77
Oconomowoc Area	22.71	25.68	22.77
Oconto	24.08	27.99	22.77
Oconto Falls	22.21	27.08	22.77
Omro	21.29	26.67	22.77
Onalaska	20.65	26.51	22.77
Oostburg	21.68	27.37	22.77
Oregon	25.88	26.24	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Osceola	\$22.34	\$26.28	\$22.77
Oshkosh Area	18.82	27.39	22.77
Osseo-Fairchild	23.41	27.37	22.77
Owen-Withee	17.49	27.65	22.77
Palmyra-Eagle Area	24.55	27.20	22.77
Pardeeville Area	23.66	26.99	22.77
Parkview	22.85	27.33	22.77
Pecatonica Area	26.59	26.95	22.77
Pepin Area	32.24	0.07	22.77
Peshtigo	19.29	28.28	22.77
Pewaukee	24.12	26.31	22.77
Phelps	16.61	0.00	22.77
Phillips	19.06	25.30	22.77
Pittsville	22.40	27.85	22.77
Platteville	21.39	25.31	22.77
Plum City	24.28	26.81	22.77
Plymouth	19.46	26.93	22.77
Port Edwards	29.07	31.30	22.77
Port Washington-Saukville	21.56	26.40	22.77
Portage Community	22.25	27.04	22.77
Potosi	26.55	26.90	22.77
Poynette	22.37	25.94	22.77
Prairie du Chien Area	19.59	26.55	22.77
Prairie Farm	25.47	26.66	22.77
Prentice	23.13	26.44	22.77
Prescott	23.51	26.14	22.77
Princeton	21.22	0.03	22.77
Pulaski Community	20.99	26.78	22.77
Racine	22.05	29.12	22.77
Randolph	20.27	26.96	22.77
Random Lake	21.76	27.52	22.77
Reedsburg	23.61	27.36	22.77
Reedsville	28.33	26.70	22.77
Rhineland	21.82	0.05	22.77
Rib Lake	22.04	26.58	22.77
Rice Lake Area	20.23	26.27	22.77
Richland	17.96	26.59	22.77
Rio Community	20.48	27.16	22.77
Ripon	22.31	27.06	22.77
River Falls	22.29	25.65	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
River Ridge	\$27.57	\$27.69	\$22.77
River Valley	24.47	27.50	22.77
Riverdale	23.55	27.26	22.77
Rosendale-Brandon	21.19	26.80	22.77
Rosholt	21.17	27.22	22.77
Royall	28.14	28.19	22.77
Saint Croix Central	21.62	26.48	22.77
Saint Croix Falls	22.55	26.18	22.77
Saint Francis	27.48	27.48	22.77
Sauk Prairie	21.68	26.89	22.77
Seneca	25.21	26.55	22.77
Sevastopol	12.35	0.00	22.77
Seymour Community	20.54	28.23	22.77
Shawano	22.11	27.44	22.77
Sheboygan Area	25.68	28.00	22.77
Sheboygan Falls	22.45	27.01	22.77
Shell Lake	24.49	26.78	22.77
Shiocton	24.10	27.59	22.77
Shorewood	28.77	26.26	22.77
Shullsburg	22.44	27.82	22.77
Siren	24.97	0.05	22.77
Slinger	19.84	26.07	22.77
Solon Springs	22.72	25.86	22.77
Somerset	23.74	26.15	22.77
South Milwaukee	28.33	27.91	22.77
South Shore	19.16	0.01	22.77
Southern Door	19.68	26.95	22.77
Southwestern Wisconsin	19.01	26.05	22.77
Sparta Area	19.77	26.86	22.77
Spencer	21.95	27.54	22.77
Spooner	20.41	0.02	22.77
Spring Valley	25.51	27.64	22.77
Stanley-Boyd Area	18.65	27.25	22.77
Stevens Point Area	17.71	25.13	22.77
Stockbridge	27.54	12.35	22.77
Stoughton Area	25.32	26.86	22.77
Stratford	19.35	26.22	22.77
Sturgeon Bay	20.48	27.82	22.77
Sun Prairie Area	27.08	27.26	22.77
Superior	21.06	26.56	22.77

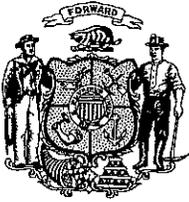
<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Suring	\$16.32	\$0.01	\$22.77
Thorp	17.25	26.50	22.77
Three Lakes	12.43	0.00	22.77
Tigerton	24.37	0.32	22.77
Tomah Area	17.11	26.05	22.77
Tomahawk	18.54	0.04	22.77
Tomorrow River	22.53	26.55	22.77
Tri-County Area	20.01	27.37	22.77
Turtle Lake	22.65	0.03	22.77
Two Rivers	22.67	28.17	22.77
Unity	24.91	27.06	22.77
Valders Area	23.57	26.80	22.77
Verona Area	20.91	24.37	22.77
Viroqua Area	23.39	27.21	22.77
Wabeno Area	14.40	0.01	22.77
Washburn	24.37	27.42	22.77
Washington	8.48	0.00	22.77
Waterloo	23.44	27.23	22.77
Watertown	21.61	26.84	22.77
Waukesha	20.92	26.74	22.77
Waunakee Community	24.22	26.48	22.77
Waupaca	21.62	26.96	22.77
Waupun	23.22	26.11	22.77
Wausau	23.27	27.07	22.77
Wausaukee	19.21	0.02	22.77
Wautoma Area	18.88	27.49	22.77
Wauwatosa	18.50	24.93	22.77
Wauzeka-Steuben	23.49	27.43	22.77
Webster	13.87	0.00	22.77
West Allis	22.91	27.35	22.77
West Bend	19.14	26.84	22.77
West DePere	23.28	27.13	22.77
West Salem	21.24	26.25	22.77
Westby Area	22.83	27.14	22.77
Westfield	19.75	27.01	22.77
Weston	28.41	27.55	22.77
Weyauwega-Fremont	18.91	24.43	22.77
White Lake	25.17	0.09	22.77
Whitefish Bay	23.55	25.83	22.77
Whitehall	19.62	26.54	22.77

<u>K-12 School Districts</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Whitewater	\$24.47	\$27.41	\$22.77
Whitnall	24.57	27.01	22.77
Wild Rose	20.03	0.03	22.77
Williams Bay	18.64	0.00	22.77
Winneconne Community	20.85	26.79	22.77
Winter	19.97	0.01	22.77
Wisconsin Dells	15.76	0.01	22.77
Wisconsin Heights	23.29	0.10	22.77
Wisconsin Rapids	22.13	27.46	22.77
Wittenberg-Birnamwood	20.47	27.75	22.77
Wonewoc-Union Center	26.73	27.25	22.77
Wrightstown Community	21.78	26.07	22.77

<u>UHS/K-8 Combinations</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Arrowhead UHS			
Hartland-Lakeside J3	\$25.31	\$23.74	\$22.77
Richmond	24.47	26.07	22.77
Swallow	24.04	20.79	22.77
North Lake	23.59	26.40	22.77
Merton Community	21.89	26.36	22.77
Stone Bank	20.42	8.81	22.77
Lake Country	18.60	8.81	22.77
Central/Westosha UHS			
Brighton #1	27.75	9.11	22.77
Bristol #1	22.66	26.63	22.77
Paris J1	30.53	9.07	22.77
Salem J2	28.12	26.87	22.77
Wheatland J1	31.82	27.64	22.77
Hartford UHS			
Erin	20.67	8.81	22.77
Hartford J1	23.17	26.43	22.77
Herman #22	26.01	8.85	22.77
Neosho J3	22.99	26.43	22.77
Richfield J1	21.95	25.01	22.77
Friess Lake	21.80	8.80	22.77
Rubicon J6	21.44	8.89	22.77

<u>UHS/K8 Combinations</u>	<u>School Levy Tax Credit</u>	<u>General School Aid</u>	<u>Technical College Aid</u>
Lake Geneva-Genoa UHS			
Geneva J4	\$21.26	\$5.20	\$22.77
Genoa City J2	28.90	22.87	22.77
Lake Geneva J1	26.70	22.69	22.77
Linn J4	21.73	5.20	22.77
Lakeland UHS			
North Lakeland	8.42	0.00	22.77
Lac du Flambeau #1	21.36	0.01	22.77
Minocqua J1	11.77	0.00	22.77
Woodruff J1	17.28	0.01	22.77
Nicolet UHS			
Fox Point J2	27.18	0.06	22.77
Maple Dale-Indian Hill	25.93	0.03	22.77
Glendale-River Hills	22.28	0.02	22.77
Union Grove UHS			
Brighton #1	27.74	8.86	22.77
Dover #1	26.33	26.93	22.77
Raymond #14	27.57	8.87	22.77
Union Grove J1	29.00	26.69	22.77
Yorkville J2	26.98	8.82	22.77
Big Foot UHS			
Fontana J8	15.79	0.00	22.77
Linn J6	14.86	0.00	22.77
Sharon J11	35.53	19.09	22.77
Walworth J1	24.10	18.26	22.77
Waterford UHS			
Norway J7	27.09	8.95	22.77
North Cape	26.10	26.41	22.77
Washington-Caldwell	29.14	9.04	22.77
Waterford J1	27.46	26.64	22.77
Wilmot UHS			
Brighton #1	31.80	9.09	22.77
Randall J1	27.57	26.64	22.77
Salem J2	32.16	26.86	22.77
Silver Lake J1	28.73	27.33	22.77
Trevor-Wilmot	33.42	26.91	22.77
Twin Lakes #4	31.69	27.62	22.77
Wheatland J1	35.87	27.63	22.77

* Because of its unique characteristics, the Norris School District has been excluded from the attachment.



Legislative Fiscal Bureau

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May 14, 2015

Joint Committee on Finance

Paper #596

Homestead Tax Credit Reestimate (Shared Revenue and Tax Relief -- Property Tax Credits)

[LFB 2015-17 Budget Summary: Page 405, #4]

CURRENT LAW

The adjusted base level funding for the homestead tax credit is \$118,210,000 GPR. In 2013-14, homestead tax credit claims totaled \$117,960,000.

GOVERNOR

Decrease funding by \$3,610,000 GPR in 2015-16 and \$5,210,000 GPR in 2016-17 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. With these adjustments, estimated total funding would decrease from the adjusted base level to \$114,600,000 in 2015-16 and \$113,000,000 in 2016-17.

MODIFICATION

Decrease funding by \$2,100,000 GPR in 2015-16 and \$1,100,000 GPR in 2016-17 to reestimate the sum sufficient appropriation at \$112,500,000 GPR in 2015-16 and \$111,900,000 GPR in 2016-17 to reflect a projected decline in the current year credit and anticipated changes in income, property taxes, and program participation.

Explanation: Relative to the amounts estimated under Assembly Bill 21/Senate Bill 21, the reestimated amounts are \$2,100,000 lower in 2015-16 and \$1,100,000 lower in 2016-17. Because credit claim amounts processed by the Department of Revenue for 2014-15 are less than would be expected to date, total credits in 2014-15 are now projected to be \$2,400,000 below this office's January, 2015, reestimated credit amount of \$116,000,000. Carrying the lower, projected base year amount forward, in conjunction with projected changes in

property taxes in the biennium, will lower overall credit amounts compared to the bill in 2015-16 and, to a lesser extent, in 2016-17.

Change to Bill	
GPR	- \$3,200,000

Prepared by: Al Runde



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May 14, 2015

Joint Committee on Finance

Paper #597

Farmland Preservation Per-Acre Credit Reestimate (Shared Revenue and Tax Relief -- Property Tax Credits)

[LFB 2015-17 Budget Summary: Page 405, #5]

CURRENT LAW

Persons owning land in agricultural production may be eligible for the refundable farmland preservation tax credit against individual or corporate income taxes due. Most claimants currently receive a credit of \$5, \$7.50 or \$10 for each acre under one or both of a restrictive covenant or zoning ordinance, each of which limits covered lands to agriculture-related uses. Credits are paid from a GPR sum-sufficient appropriation currently budgeted at \$20,000,000.

GOVERNOR

Reestimate the per-acre credit by -\$3,200,000 GPR in 2015-16 and -\$3,300,000 GPR in 2016-17. Per-acre credits would be estimated at \$16,800,000 in 2015-16 and \$16,700,000 in 2016-17.

MODIFICATION

Restore \$1,200,000 GPR in 2015-16 and \$1,500,000 GPR in 2016-17 to the credit.

Explanation: Per-acre credits were \$17.6 million in 2013-14 and are estimated at \$18.5 million in 2014-15. The modification would reestimate credits at \$18.0 million in 2015-16 and \$18.2 million in 2016-17 to reflect anticipated program trends and estimated claims.

Change to Bill	
GPR	\$2,700,000

Prepared by: Paul Ferguson



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May 14, 2015

Joint Committee on Finance

Paper #598

First Dollar Credit Reestimate (Shared Revenue and Tax Relief -- Property Tax Credits)

CURRENT LAW

The first dollar credit is extended to each taxable parcel of real estate on which improvements are located. The credit is calculated for each eligible parcel of property by multiplying the property's gross school tax rate by a credit base value determined by the Department of Revenue (DOR), or the property's fair market value, whichever is less. The credit distribution is set at \$150,000,000 annually. Payments of the first dollar credit are provided from the same GPR appropriation used to make the state's school levy tax credit payments. Both credits are paid on the fourth Monday in July. DOR determines the first dollar credit payment amounts in the preceding March.

GOVERNOR

No provision (base funding of \$150,000,000 GPR annually would be provided for the credit).

MODIFICATION

Decrease the funding recommended by the Governor to pay the first dollar credit by \$1,962,900 GPR in 2015-16, to reflect the actual amount of credits to be distributed to municipalities in July, 2015.

Explanation: DOR is required to establish a credit base (which was \$6,500 for taxes levied in 2014 and payable in 2015) for the first dollar credit by using the estimated fair market value, rounded to the nearest \$100, necessary to distribute the \$150,000,000 GPR available for the credit. DOR makes this determination and notifies each municipal clerk of the credit base by November 20. The credit amounts were used to reduce the 2014

property taxes that would have been otherwise payable in calendar year 2015. Based on the \$6,500 credit base and the 2,214,212 eligible parcels on which the credit will be claimed, the actual cost of the credit in 2015-16 is expected to be \$148,037,100 GPR, or \$1,962,900 GPR less than the amount recommended for appropriation. The estimate of the 2016-17 credit remains at \$150,000,000 since DOR will continue to be required to set the credit base to expend this amount.

Change to Bill	
GPR	- \$1,962,900

Prepared by: Al Runde

SHARED REVENUE AND TAX RELIEF

Property Tax Credits

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
3	Lottery and Gaming Credit; Late Applications
6	Pre-2010 Farmland Preservation Credit Reestimate

LFB Summary Item Addressed in a Previous Paper

<u>Item #</u>	<u>Title</u>
2	Lottery and Gaming Credit Reestimate (Paper #565)

