

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
- CORRECTED SUPPLEMENTAL

LRB # 01-1067/1	
INTRODUCTION #	AB 140
Admin. Rule #	

Subject

Modify Income Definition for Homestead Credit—Pensions, Life Insurance Proceeds and Sickness/Injury Compensation

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

- Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No
- Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.835 (2)(c)

Assumptions Used in Arriving at Fiscal Estimate:

This bill modifies the definition of income used in the Homestead tax credit program by excluding from income the nontaxable portion of pensions and annuities as well as tax deductible payments to IRAs, Keogh accounts and deferred compensation. The bill also includes in household income life insurance death benefits and sickness or injury compensation excluded from gross income under Section 104 of the Internal Revenue Code.

Based on a simulation using the 1999 Wisconsin Individual Income Tax Model, it is estimated that this bill would increase Homestead expenditures by no more than \$2.3 million annually. This estimate was calculated using available information on tax year 1999 Homestead credit claimants and was adjusted to reflect the statutory increase in the Homestead credit income threshold for tax year 2000 and thereafter. Information is not available for filers who currently cannot claim the Homestead credit but who would become eligible for the credit under this bill. Further, because information is not available for the amount of non-taxable life insurance death benefits or sickness and injury compensation received by filers, the estimate does not include the effect of adding back these amounts to household income. As a result, the fiscal effect provided here overstates the actual effect of this bill by an unknown amount.

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Meredith Krejny, (608) 261-8984	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	2/26/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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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 State funds from:

A. State Costs by Category

Increased Costs

Decreased Costs

State Operations - Salaries and Fringe

\$

\$ -

(FTE Position Changes)

(FTE)

(- FTE)

State Operations-Other Costs

-

Local Assistance

-

Aids to Individuals or Organizations

See Text

-

TOTAL State Costs by Category

\$ See Text

\$ -

B. State Costs by Source of Funds

Increased Costs

Decreased Costs

GPR

\$ See Text

\$ -

FED

-

PRO/PRS

-

SEG/SEG-S

-

III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)

Increased Rev.

Decreased Rev.

GPR Taxes

\$

\$ -

GPR Earned

-

FED

-

PRO/PRS

-

SEG/SEG-S

-

TOTAL State Revenues

\$

\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS

\$ See Text

\$

NET CHANGE IN REVENUES

\$

\$

Agency/Prepared by: (Name & Phone No.)

Authorized Signature/Telephone No.

Date

Wisconsin Department of Revenue

Yeang-Eng Braun

2/26/01

Meredith Krejny, (608) 261-8984

(608) 266-2700

Yeang Eng Braun