

Fiscal Estimate Narratives

DOR 2/22/02

LRB Number	01-2872/5	Introduction Number	AB-843	Estimate Type	Original
Subject					
Campaign finance and related changes					

Assumptions Used in Arriving at Fiscal Estimate

PRELIMINARY ESTIMATE

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return (whether having a tax liability or refund) may designate that \$1 of general fund revenues be transferred to the campaign fund. Individuals filing a joint return may separately choose to designate a \$1 transfer. If any individual attempts to place any condition or restriction upon a designation, that individual is considered to have not made a designation. All moneys transferred to the campaign fund are placed in accounts for specified state offices, and candidates for those offices may qualify for grants from the fund for specified campaign expenses. No moneys in the fund may be used for any other purpose.

Under the bill, an individual who has tax liability could designate up to \$5 for the election campaign fund and receive a nonrefundable credit against tax due for the amount of the designation. The effect of the designation and credit is that the amount designated would come from the general fund, since the taxpayer receives the full amount designated as a credit. Part-year residents and nonresidents are not eligible for the credit.

Each individual making a designation may indicate if the amount designated should go to a general account for the use of all eligible candidates who receive a grant from the election campaign fund, or in the account of an eligible political party whose name is certified to the Secretary of Revenue by the Elections Board for use by candidates representing that party who qualify for a grant from the fund. If no indication is made, the amount is placed in the general account. If any individual designates an amount greater than the amount authorized or attempts to place restrictions on the designation other than indicating it go to the general account or a certified political party account, the individual is considered as not having made a designation.

The bill requires the Secretary of Revenue to indicate on the face of the tax return that the designation will increase tax liability and indicate that a credit may be claimed for the amount of the designation. Annually on August 15, the Secretary of Revenue must certify to the Elections Board, the Department of Administration and the State Treasurer the total amount of designations processed during the preceding fiscal year and the amount for the general account and for each political party account.

In tax year 2000, approximately 322,000 taxpayers designated on their income tax returns that \$1 be transferred to the election campaign fund. Of those designations, 277,000 were by tax filers with tax liability and 45,000 were by tax filers with no tax liability. If the number of tax filers with tax liability for whom transfers are made does not change, and each taxpayer were to designate the maximum \$5, the amount transferred to the election campaign fund would increase by \$1.1 million $((\$277,000 \times 5) - \$322,000)$. Individual income tax revenue would decrease by the same amount.

The Department expects to incur costs to administer this bill, but an estimate of the amount is not available with the short time frame for response.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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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 funds from:
	Increased Costs Decreased Costs
A. State Costs by Category	
State Operations - Salaries and Fringes	\$
(FTE Position Changes)	
State Operations - Other Costs	
Local Assistance	
Aids to Individuals or Organizations	
TOTAL State Costs by Category	\$ \$
B. State Costs by Source of Funds	
GPR	
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	\$ \$-1,100,000
GPR Earned	
FED	
PRO/PRS	
SEG/SEG-S	
TOTAL State Revenues	\$ \$-1,100,000
NET ANNUALIZED FISCAL IMPACT	
	State Local
NET CHANGE IN COSTS	\$ \$
NET CHANGE IN REVENUE	\$-1,100,000 \$
Agency/Prepared By	Authorized Signature
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	Date
	2/21/02