Fiscal Estimate - 2005 Session

\boxtimes	Original		Updated		Corrected		Supple	emental
LRB	Number	05-2496/5	,	Introd	duction Nu	mber A	B-121	3
Descri Creatin office		ndable individua	al income tax	credit for cont	tributions to ca	andidates for	r elective	public
Fiscal	Effect							
	No State Fiscondeterminate Increase E Appropriat Decrease Appropriat Create Ne	e Existing tions Existing	Reve Decr Reve	ease Existing enues ease Existing enues	to a	rease Costs absorb within Yes crease Cost	n agency	
	Indeterminate Increase Permiss Decrease	e Costs sive 🔲 Mandato	3. ☐ Incre ory ☐ Perm 4. ☐ Decr	ase Revenue nissive ☐ Mar ease Revenud nissive ☐ Mar	Gov ndatory	es of Local vernment Un Towns [Counties [School [Districts	iits Affect Village Others WTCS District	Cities
Fund S	Sources Affe		PRS 🔲	SEG 🔲 SE	Affected EGS	Сһ. 20 Арр	ropriatio	ons
Agenc	y/Prepared l	Ву		Authorized S	Signature			Date
DOR/ Rebecca Boldt (608) 266-6785 Pau				Paul Ziegler (608) 266-5773				5/16/2006

Fiscal Estimate Narratives DOR 5/16/2006

LRB Number	05-2496/5	Introduction Number	AB-1213	Estimate Type	Original		
Description Creating a nonrefundable individual income tax credit for contributions to candidates for elective public office							

Assumptions Used in Arriving at Fiscal Estimate

This bill allows filers to claim a nonrefundable individual income tax credit for political campaign contributions of up to \$100 for candidates in the state for elective public office. The credit is calculated by multiplying up to \$100 in contributions by the taxpayer's marginal tax rate. Under the bill, both spouses of a married couple may claim the credit. Assuming a marginal tax rate of 5.5%, the maximum credit allowed is \$5.50 for individual contributions and \$11 for joint filers if both spouses make political contributions.

According to the State Elections Board, individuals in Wisconsin gave approximately \$8 million in campaign contributions to individuals who were candidates for elective state offices in 2004.

According to the Federal Elections Commission, individuals in Wisconsin gave approximately \$3.3 million in campaign contributions to individuals who were candidates for the U.S. House of Representatives and \$9 million to individuals who were candidates for the U.S. Senate in the 2003-2004 election cycle.

Assuming total contributions by Wisconsin residents to candidates for state and federal office were approximately \$20 million and assuming an average contribution of \$1,000, this bill would provide a credit to 20,000 contributors (\$20 million divided by \$1,000) and would reduce individual income tax revenues by approximately \$110,000 (20,000 x \$5.50) annually. The fiscal effect would be significantly greater if the average contribution was lower. For example, if the average contribution was \$100, the fiscal effect would be \$1.1 million (\$20 million divided by \$100 x \$5.50).

Data is not available on contributions made by Wisconsin residents to candidates for local offices. Therefore, the actual fiscal effect of this bill is likely to be higher.

The department will incur \$20,400 in annual costs related to data capture, review of claims and printing and postage.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

	Original		Updated		Corrected		Supplemental		
LRB	Number	05-2496	/5	Intro	duction Num	nber	AB-1213		
Descri Creatir office		lable individ	ual income ta	ax credit for o	contributions to c	andidate	es for elective public		
I. One- annua	-time Costs or lized fiscal eff	r Revenue I fect):	mpacts for	State and/or	· Local Governn	nent (do	not include in		
II. Ann	nualized Costs	}:					act on funds from:		
					Increased Co	osts	Decreased Costs		
	te Costs by Ca								
	e Operations -		d Fringes		\$20,4	400			
	E Position Char								
	e Operations -	Other Costs	3						
\vdash	al Assistance								
	to Individuals								
	OTAL State Co				\$20,4	400	\$		
	te Costs by So	ource of Fu	nds						
GPF					20,4	400			
FED									
)/PRS								
SEG/SEG-S									
III. Stat	te Revenues - ues (e.g., tax i	Complete ncrease, de	this only whecrease in li	nen proposa cense fee, e	l will increase o ts.)	r decre	ase state		
					Increased F	Rev	Decreased Rev		
 	R Taxes					\$	\$		
 	REarned								
FED									
)/PRS								
	SEG/SEG-S								
TOTAL State Revenues					\$	\$			
		<u> </u>	IET ANNUA	LIZED FISC	AL IMPACT				
				St	ate				
NET CHANGE IN COSTS					\$20,4	100	\$ \$		
NET CHANGE IN REVENUE			\$Se	\$See text of fiscal note					
Agency/Prepared By Author				Authorized	Signature		Date		
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