

### Fiscal Estimate - 2005 Session

Original       Updated       Corrected       Supplemental

|   |  |   |                           |
|---|--|---|---------------------------|
| <b>LRB Number</b> 05-3748/1   |  | <b>Introduction Number</b> SB-347                           |                           |
| <b>Subject</b><br>Eligibility for the veterans and surviving spouses property tax credit  |  |   |                           |
| <b>Fiscal Effect</b><br><b>State:</b><br><input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues<br><input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues<br><input type="checkbox"/> Create New Appropriations<br><br><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs  |  |   |                           |
| <b>Local:</b><br><input type="checkbox"/> No Local Government Costs<br><input type="checkbox"/> Indeterminate<br>1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br><br>5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |  |   |                           |
| <b>Fund Sources Affected</b><br><input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS   |  | <b>Affected Ch. 20 Appropriations</b>                       |                           |
| <b>Agency/Prepared By</b><br>DOR/ Rebecca Boldt (608) 266-6785  |  | <b>Authorized Signature</b><br>Rebecca Boldt (608) 266-6785 | <b>Date</b><br>10/19/2005 |

## Fiscal Estimate Narratives

DOR 10/19/2005

|  |           |                     |        |               |         |
|--|-----------|---------------------|--------|---------------|---------|
| LRB Number   | 05-3748/1 | Introduction Number | SB-347 | Estimate Type | Updated |
| <b>Subject</b>   |           |                     |        |               |         |
| Eligibility for the veterans and surviving spouses property tax credit |           |                     |        |               |         |

### Assumptions Used in Arriving at Fiscal Estimate

This bill expands the eligibility for the refundable individual income tax credit for veterans and surviving spouses that was created in the budget bill, 2005 Wisconsin Act 25. Eligibility for the credit is expanded to ensure that if a principal dwelling is owned jointly by spouses or as marital property, where only one of the spouses is an eligible veteran, the credit may be claimed for the full amount of taxes paid on the principal dwelling.

If a veteran and his or her spouse file separate tax returns, each spouse may claim a percentage of the credit based on his or her ownership interest in the eligible veteran's principal dwelling.

Approximately 68% of Wisconsin's households own a home, according to the 2000 Census. According to the Wisconsin Department of Veterans Affairs, 72% of veterans are married. According to Veterans Affairs, there are 1,022 veterans who are 100% disabled and over 65 who have served on active duty. This bill would affect about 500 of those veterans ( $1,022 \times 72\% \times 68\%$ ). Under this bill, these veterans would be eligible for the full amount of property taxes paid. Based on DOR data, it is estimated that the 2003 average house value was \$138,300 and the statewide average net tax rate was \$19.74 per \$1,000 of full residential value. Therefore, the average property tax on a principal dwelling was \$2,730 in 2003. Under current law, only half of the tax, or \$1,365, could be claimed. Under the bill, the full amount could be claimed.

Therefore, the bill would reduce state tax revenues by approximately \$683,000 ( $500 \times \$1,365$ ).

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |  |  |                   |
|--|--|--|-------------------|
| LRB Number <b>05-3748/1</b>  |  | Introduction Number <b>SB-347</b>              |                   |
| <b>Subject</b>   |  |  |                   |
| Eligibility for the veterans and surviving spouses property tax credit   |  |  |                   |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>                                |  |  |                   |
| <b>II. Annualized Costs:</b>   |  | <b>Annualized Fiscal Impact on funds from:</b> |                   |
|  |  | Increased Costs                                | Decreased Costs   |
| <b>A. State Costs by Category</b>  |  |  |                   |
| State Operations - Salaries and Fringes  |  | \$   |                   |
| (FTE Position Changes)   |  |  |                   |
| State Operations - Other Costs   |  |  |                   |
| Local Assistance   |  |  |                   |
| Aids to Individuals or Organizations   |  |  |                   |
| <b>TOTAL State Costs by Category</b>   |  | <b>\$</b>                                      | <b>\$</b>         |
| <b>B. State Costs by Source of Funds</b>   |  |  |                   |
| GPR  |  |  |                   |
| FED  |  |  |                   |
| PRO/PRS  |  |  |                   |
| SEG/SEG-S  |  |  |                   |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> |  |  |                   |
|  |  | Increased Rev                                  | Decreased Rev     |
| GPR Taxes  |  | \$   | \$-683,000        |
| GPR Earned   |  |  |                   |
| FED  |  |  |                   |
| PRO/PRS  |  |  |                   |
| SEG/SEG-S  |  |  |                   |
| <b>TOTAL State Revenues</b>  |  | <b>\$</b>                                      | <b>\$-683,000</b> |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |  |                   |
|  |  | State  | Local             |
| NET CHANGE IN COSTS  |  | \$   | \$                |
| NET CHANGE IN REVENUE  |  | \$-683,000                                     | \$                |
| <b>Agency/Prepared By</b>  |  | <b>Authorized Signature</b>                    | <b>Date</b>       |
| DOR/ Rebecca Boldt (608) 266-6785  |  | Rebecca Boldt (608) 266-6785                   | 10/19/2005        |