

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1364/1	Introduction Number AB-0283	
Description Creating a refundable individual income tax credit for sales and use taxes paid to replace damaged or destroyed tangible personal property and making an appropriation		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <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 20.835(2)(cb)		
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Rebecca Boldt (608) 266-6785	Date 4/30/2007

Fiscal Estimate Narratives

DOR 4/30/2007

LRB Number	07-1364/1	Introduction Number	AB-0283	Estimate Type	Original
Description Creating a refundable individual income tax credit for sales and use taxes paid to replace damaged or destroyed tangible personal property and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a refundable individual income tax credit that is equal to the amount of sales and use taxes paid on the purchase of tangible personal property that the claimant purchased to replace tangible personal property that was damaged or destroyed by fire, flood, or natural disaster. Individuals are eligible to claim the credit if the value of the damaged or destroyed property was more than \$4,999 and the governor has declared a state of emergency or disaster for the area in which the property was located.

Disasters are, by their nature unpredictable, so the cost of the bill will vary considerably depending on natural events. According to Wisconsin Emergency Management, the governor has issued seven State of Emergency Executive Orders since January 1, 2003, excluding proclamations for drought or Hurricane Katrina response. These Executive Orders have been issued as a result of storms, flooding, fires, and tornadoes.

As an example, the most recent disaster occurred on August 18, 2005, when 26 tornadoes hit southern Wisconsin. The governor issued a State of Emergency Executive Order for Dane, Richland, and Vernon counties. Additionally, Wisconsin Emergency Management prepared a special situation report in which the damages were itemized by county and insurance coverage. Total uninsured private damages for the three counties were estimated at approximately \$3.2 million. If all of the property was replaced during the year, the victims paid an additional 5.5% in sales and use taxes, and the victims all claimed the credit on their individual income tax returns, the credit would have increased expenditures by approximately \$176,000 as a result of the tornadoes.

An average of 1.75 emergency proclamations have been issued per year since 2003. Multiplying the fiscal effect of the tornadoes by 1.75 results in an estimated average annual fiscal effect of \$308,000. This estimate will differ from the actual fiscal effect to the extent that future disasters cause more or less damage and occur more or less frequently. The fiscal effect will also depend on the extent to which individuals replace their damaged property.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Creating a refundable individual income tax credit for sales and use taxes paid to replace damaged or destroyed tangible personal property and making an appropriation			
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		308,000	
TOTAL State Costs by Category		\$308,000	\$
B. State Costs by Source of Funds			
GPR		308,000	
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		\$308,000	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785	4/30/2007