

Fiscal Estimate Narratives

DOR 2/12/2007

LRB Number	07-0464/1	Introduction Number	SB-012	Estimate Type	Original
Description Campaign financing, designations for the Wisconsin election campaign fund by individuals filing state income tax returns, creating a nonrefundable individual income tax credit for contributions to the Public Integrity Endowment, candidate time on public broadcasting television stations and public access channels, statewide voter registration, staffing of the Elections Board, providing exemptions from emergency rule procedures, granting rule-making authority, providing penalties, and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Wisconsin election campaign fund is financed through designations made by taxpayers on their individual income tax forms. Every individual filing an income tax return, whether receiving a refund or possessing a tax liability, may designate \$1 of general purpose revenue for transfer to the Wisconsin election campaign fund. Individuals filing a joint return may each separately choose to designate \$1 for transfer to the fund. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose.

This bill increases the amount of the individual income tax designation for the Wisconsin election campaign fund from \$1 to \$5. Each individual designating the \$5 transfer to the fund is required to indicate whether the amount designated by that individual is to be placed in the general account for the use of all eligible candidates for state office, or in the account of an eligible political party whose name is certified to the Secretary of Revenue.

The Department of Revenue must include and highlight an easily understood description of the purpose and effect of the fund and the tax checkoff in its income tax preparation instructions related to the tax checkoff.

The bill also requires the creation of a nonprofit corporation to be known as the Public Integrity Endowment, which will supplement the Wisconsin election campaign fund. For individuals wishing to make donations to the Public Integrity Endowment, the bill creates a non-refundable credit equal to the smaller of the individuals' tax liabilities or their donations.

Based on election campaign fund checkoff donations made on 2005 returns, approximately 267,000 taxpayers designate the \$1 transfer annually under current law. Assuming the same number of taxpayers would designate the \$5 transfer, Wisconsin election campaign fund designations would increase by approximately \$1.1 million (267,000 x \$4).

Since donations to the Public Integrity Endowment are put in the Wisconsin election campaign fund, it is assumed that any individual who would make a donation to the Public Integrity Endowment is already designating \$1 for the state election campaign fund using the checkoff. The total individual income tax liability of these individuals was \$430 million in tax year 2005. The extent to which these individuals would donate money is not known, so the fiscal effect of this portion of the bill is not estimated. However, for illustrative purposes, if it is assumed that 10% of these individuals donate 10% of their tax liability, general purpose tax revenue would decrease by an additional \$4.3 million (\$430 million x 10% x 10%) and the Wisconsin election campaign fund would increase accordingly. If a larger portion of those individuals donated or the individuals donated an amount equal to a larger portion of their tax liability, the fiscal effect would be larger. Additionally, if some taxpayers would donate to the Public Integrity Endowment but do not participate in the state election campaign fund checkoff, the fiscal effect would be larger.

The Department of Revenue expects to incur annual printing costs of \$10,300 in administering this bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 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		10,300	
Local Assistance			
Aids to Individuals or Organizations		1,100,000	
TOTAL State Costs by Category		\$1,110,300	\$
B. State Costs by Source of Funds			
GPR		1,110,300	
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		\$1,110,300	\$
NET CHANGE IN REVENUE		\$SeeText	\$
Agency/Prepared By		Authorized Signature	Date
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