

Fiscal Estimate Narratives
DOR 3/25/2010

LRB Number 09-4133/1	Introduction Number AB-0838	Estimate Type Original
Description Creating a refundable individual income tax credit for property taxes paid on a principal dwelling that is destroyed by a natural or man-made disaster 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 property taxes that an individual paid in the taxable year on the claimant's principal dwelling that was destroyed by fire, flood, or other natural or man-made disaster. The credit does not apply if the dwelling is destroyed by the claimant's negligent or intentional act.

According to the U.S. Census Bureau, there were approximately 1.57 million owner-occupied housing units in Wisconsin in the 2006 to 2008 period. According to the Insurance Information Institute, approximately 4.07 annual homeowner's insurance claims were made per 100 policies between 2003 and 2007 related to fire, lightning, debris removal, wind, hail, water damage, and freezing. Data are not available on the share of these incidences that resulted in the claimant's dwelling being destroyed. Similarly, data are not available for uninsured homeowners' losses. As a result, the fiscal effect of the bill is unknown.

For illustrative purposes, however, if it was assumed that disasters occurred at the same rate on insured and uninsured homes and one percent of homeowner's insurance claims were from disasters that destroyed the dwelling, approximately 639 homes would have been destroyed on average per year (1.57 million x 4.07% x 1%) in Wisconsin. Using Department of Revenue data, the average property tax paid by Wisconsin residents on an improved residential parcel in 2008 was \$3,047. Therefore, the fiscal effect of this bill would have been a cost increase of \$1.95 million annually (639 dwellings x \$3,047).

Property losses due to natural disasters are likely to vary dramatically from year to year. To the extent that this occurs, the fiscal effect of the bill is also likely to vary from year to year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Creating a refundable individual income tax credit for property taxes paid on a principal dwelling that is destroyed by a natural or man-made disaster 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		
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	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$SeeText	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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