

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-1274/1	Introduction Number AB-0350	
Description Increasing the maximum income, maximum property taxes, and threshold income under the homestead tax credit and indexing the credit for inflation		
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)(c)		
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Jamie Adams (608) 266-6785	Date 6/6/2017

Fiscal Estimate Narratives

DOR 6/6/2017

LRB Number	17-1274/1	Introduction Number	AB-0350	Estimate Type	Original
Description Increasing the maximum income, maximum property taxes, and threshold income under the homestead tax credit and indexing the credit for inflation					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, low-income homeowners and renters may qualify for the refundable homestead credit, an individual income tax credit based on household income and property tax or rent constituting property tax. If household income is \$8,060 or less, the credit is 80% of property tax up to \$1,460; thus, the maximum credit is \$1,168. If household income exceeds \$8,060 but is no more than \$24,680, the credit is 80% of the amount by which property tax exceeds 8.785% of household income in excess of \$8,060.

Beginning in 2018, this bill increases the maximum property tax or rent equivalency used in the credit calculation from \$1,460 to \$1,976. It also increases the maximum eligible income from \$24,680 to \$33,389, the phase-out threshold income from \$8,060 to \$10,902, and the maximum credit from \$1,168 to \$1,581. Moreover, the bill indexes the homestead tax credit parameters for inflation beginning with claims filed in 2019.

Based on a simulation using fiscal year 2016 credit claims, DOR expects the bill to increase costs by approximately \$96.4 million in fiscal year 2018, \$110.0 million in fiscal year 2019, \$121.5 million in fiscal year 2020, and increasing amounts annually thereafter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description Increasing the maximum income, maximum property taxes, and threshold income under the homestead tax credit and indexing the credit for inflation		
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By		
Authorized Signature		Date
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		6/6/2017