

PRELIMINARY

1999 Session

FISCAL ESTIMATE

ORIGINAL UPDATED

DOA-2048 N(R10/98)

CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

LRB 1368/2

AB 139

Amendment No. if Applicable

Subject

Individual Income Tax Exemption for Certain Military Income

Fiscal Effect

State: No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The bill creates an individual income tax exemption for all income received from the federal government by an individual on active duty in the U.S. military who is stationed outside of Wisconsin.

Based on information from the U.S. Department of Defense, there are approximately 12,700 active duty military personnel who report Wisconsin as their home state but are not stationed in Wisconsin. Also based on information from the U.S. Department of Defense, it is estimated that the average income of active duty military personnel is \$24,000. Thus, the total amount of income exempted by this bill is \$305 million. Assuming that a 5.15% effective marginal tax rate applies to this income, the revenue loss associated with this bill is \$15.7 million.

Administrative costs associated with this bill have not yet been estimated. This fiscal note will be updated as soon as administrative costs are determined.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

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Date

1/29/99

PRELIMINARY

1999 Session

**FISCAL ESTIMATE
DOA-2047 N(R10/98)**

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No. Amendment No.
LRB 1368/2 AB 139

Subject
Individual Income Tax Exemption for Certain Military Income

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 State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ see text	\$ -
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	\$	\$ - 15.7 million
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$ see text	\$ - 15.7 million

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ see text	\$
NET CHANGE IN REVENUES	\$ - 15.7 million	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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