

FISCAL ESTIMATE

ORIGINAL UPDATED

DOA-2048 N(R10/98)

CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.

AB 139 [LRB 1368/2]

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

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

20.566 (1)(a)

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.

The Department would incur additional annual costs of \$25,100, which includes the cost of processing additional refunds and the cost of making adjustments to an increased number of returns that are filed incorrectly. One-time costs for computers and supplies are \$9,400.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Craig D. Kammholz, (608) 261-8984	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	2/24/99

1999 Session

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

ORIGINAL **UPDATED**
 CORRECTED SUPPLEMENTAL

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

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):

\$9,400 for computers and supplies

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)	\$ 20,900	\$ -
State Operations-Other Costs	4,200	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 25,100	\$ -
B. State Costs by Source of Funds		
GPR	\$ 25,100	\$ -
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	\$	\$ - 15.7 million

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ + 25,100	\$
NET CHANGE IN REVENUES	\$ - 15.7 million	\$

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