

LRB or Bill No./Adm. Rule No.

LRB 0527/1 AB 42

Amendment No. if Applicable

**FISCAL ESTIMATE
DOA-2048 N(R10/94)**

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject

Change in the Calculation of the School Property Tax/Rent Credit

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 school property tax/rent credit is a nonrefundable tax credit equal to 10% of property taxes or rent constituting property taxes paid on a person's primary residence and contiguous land. For tax years other than 1998, the maximum credit amount that can be claimed is 10% of the first \$2,000 of property taxes paid, or rent constituting property taxes. For tax year 1998, the maximum credit amount that can be claimed is 14% of the first \$2,500 of property taxes. For married separate filers, the maximum credit amount that can be claimed is 10% of the first \$1,000 for tax years other than 1998 and 14% of the first \$1,250 for tax year 1998. The credit may only be claimed for payments that were made during the year for which the credit is claimed.

This bill allows tax filers to claim the school property tax/rent credit for property taxes paid in two consecutive years, if the property taxes paid in the earlier year were not used to calculate the school property tax/rent credit.

A comparison of school property tax credit claims for tax years 1996 and 1997 indicates that there were approximately 68,000 tax filers that claim the school property tax/rent credit in only one of those years. This figure translates into an average annual figure of 34,000 tax filers that claim the credit every other year. Allowing these filers to claim the credit for taxes paid in two consecutive years would allow these filers to claim

(continued on page two)

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Craig Kammholz, (608) 261-8984	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	12/22/98

an additional \$2.5 million in credits annually. Assuming that this legislation will take effect in tax year 1999, the revenue loss in FY99 is estimated to be \$2.8 million after adjusting for the credit increase in tax year 1998. For all other fiscal years the revenue loss is estimated to be \$2.5 million.

The Department would incur additional annual costs of \$31,400 due to increased refund review and audit activities. One-time costs for programming and information technology are estimated at \$170,800.

YEB
12/22/98

1999 Session

FISCAL ESTIMATE WORKSHEET
Detailed Estimate of Annual Fiscal Effect
DOA-2047(R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB OR Bill No./Adm. Rule No. AB 42 LRB 0527/1	Amendment No.
--	---------------

Subject

Change in the Calculation of the School Property Tax/Rent Credit

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

\$170,800 for programming and information technology; -\$2.8 million GPR taxes in FY 99

II. Annualized Costs:	Annualized Fiscal Impact on State Funds from:	
	Increased Costs	Decreased Costs
III. State Costs by Category		
State Operations - Salaries and Fringe (FTE Position Changes)	\$ 10,600	\$ -
State Operations-Other Costs	20,800	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 31,400	\$ -
III. State Costs by Source of Funds		
GPR	\$ 31,400	\$ -
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.
		FY 00
GPR Taxes	\$	\$ - 2.5 million
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - 2.5 million

NET ANNUALIZED FISCAL IMPACT
STATE

LOCAL

NET CHANGE IN COSTS	\$ 31,400	\$
NET CHANGE IN REVENUES	\$ - 2,500,000	\$

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Craig Kammholz, (608) 261-8984	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 12/22/98
---	---	------------------