

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 3861/1
INTRODUCTION # SB 275
Admin. Rule #

Subject
Sales Tax Rebate

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

20.566 (1)(a), 20.835 (2)(am) and (3)(b)

Assumptions Used in Arriving at Fiscal Estimate:

The bill provides a sales tax rebate based on Wisconsin adjusted gross income reported on the 1998 Wisconsin individual income tax return. The rebate varies, for persons who are single or married filing separately, from \$190 when Wisconsin adjusted gross income (WAGI) is not more than \$25,000 to \$354 when WAGI is more than \$500,000. For married couples filing jointly and heads of household, the rebate ranges from \$337 when WAGI is \$25,000 or less to \$500 when WAGI is more than \$500,000. The Department of Revenue will calculate the rebate for all full-year or part-year residents who filed a 1998 income tax return or Homestead credit schedule. Full-year or part-year residents who did not file an income tax return or Homestead credit claim in 1998 may file a claim for a rebate no later than June 30, 2000. Nonresidents may file a claim for 30.4% of documented sales tax, up to a maximum of \$354, no later than 30 days after the effective date of the bill.

The bill also eliminates a \$60 million increase to the school levy tax credit on property tax bills in FY01 provided by nonstatutory provisions in Act 9.

This bill repeals the school property tax credit for tax years after 1998. Current law allows a school property tax credit against individual income tax liability equal to 10% of property taxes, or rent constituting property taxes, not exceeding \$2,000. 1999 Wisconsin Act 9 provides an additional 6.4% school property tax credit for tax year 1999, and eliminates the credit for tax years after 2000. This bill eliminates the regular and additional credits in 1999 and the regular credit in 2000.

The sales tax rebate will increase expenditures by an estimated \$700 million in FY00. Eliminating the increase in the school levy tax credit will reduce expenditures by \$60 million in FY01. Eliminating the school property tax credit in tax years 1999 and 2000, including the 6.4% additional credit in 1999, will increase

(continued on page two)

Long-Range Fiscal Implications:

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individual income tax revenues by an estimated \$395 million in FY00 and \$250 million in FY01. The fiscal effect is summarized in the following table (amounts in millions of dollars):

	FY00	FY01	Biennium
Repeal of school property tax credit (GPR-Rev)	+\$395	+\$250	+\$645
Sales tax rebate (GPR-Exp)	+\$700	\$0	+\$700
Elimination of school levy tax credit increase (GPR-Exp)	-\$60	\$0	-\$60
Net change in closing balance (GPR-Rev minus GPR-Exp)	-\$245	+\$250	+\$5

The Department will incur costs of approximately \$2,357,500 in FY2000 to administer the sales tax rebate, broken down as follows:

Permanent salaries (overtime)	\$240,400
LTE salaries	139,200
Fringe benefits	65,500
Contract programming	187,200
Infotech-development and production, and other related costs	54,700
Furniture, rent and telephone	67,200
Printing forms, envelopes	37,900
Postage	664,500
Printing, storage, security and transportation of checks	480,000
Distribution of rebate checks, etc.	93,400
Processing of checks	327,500
	<u>\$2,357,500</u>

YEB 11/4/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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Sales Tax Rebate

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

See text of fiscal note.

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
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	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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 REVENUES	\$ _____	\$ _____

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