

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-4010/1	Introduction Number AB-583
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Subject

Individual income tax exemption for military pay, for reservists, national guard members, for operation enduring freedom

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues

 Yes
 No
 Create New Appropriations

 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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 20.566 (1)(a)	

Agency/Prepared By	Authorized Signature	Date
DOR/ Meredith Krejny (608) 261-8984	Brian Pahnke (608) 266-2700	10/22/01

Fiscal Estimate Narratives
DOR 10/22/01

LRB Number 01-4010/1	Introduction Number AB-583	Estimate Type Original
Subject Individual income tax exemption for military pay, for reservists, national guard members, for operation enduring freedom		

Assumptions Used in Arriving at Fiscal Estimate

This bill would create an individual income tax exemption for pay received by armed forces reserve members who are activated for service during Operation Enduring Freedom.

The Wisconsin Department of Military Affairs indicates that about 500 members of the National Guard from Wisconsin have been activated as of October 9, 2001; at this time, it is not known how many additional reservists, if any, will be activated to serve during the operation. Based on basic pay information obtained from the Defense Finance and Accounting Service, it is assumed that active duty enlisted personnel receive average compensation of \$21,600 annually; activated reservists receive the same compensation as active duty personnel.

For the 500 reservists currently activated, assuming an effective marginal tax rate of 6.14%, this bill would reduce state revenues by approximately \$0.7 million annually for the duration of the operation ($500 \times 21,600 \times 0.0614$).

The Department would incur annual costs of \$29,500 to pull returns of tax filers qualifying for the exemption from the regular processing stream and to process them separately.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
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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	29,500		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$29,500		\$
B. State Costs by Source of Funds			
GPR	29,500		
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	\$	\$-700,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-700,000	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$29,500	\$	
NET CHANGE IN REVENUE	\$-700,000	\$	
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		Date	
		10/22/01	