

Fiscal Estimate - 2003 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 03-1347/1		Introduction Number AB-70	
Subject Modify the definition of "income" under the homestead tax credit			
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</div><input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;"><input type="checkbox"/> Increase Revenue 3. <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div style="width: 33%;">5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 33%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 33%;"><input type="checkbox"/> Cities</div></div></div></div>			

Fiscal Estimate Narratives

DOR 3/6/2003

LRB Number	03-1347/1	Introduction Number	AB-70	Estimate Type	Original
Subject					
Modify the definition of "income" under the homestead tax credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the definition of "household income" for purposes of the homestead tax credit includes Wisconsin adjusted gross income (WAGI) as well as some items that are not otherwise includable in WAGI. Some of these items are depreciation, capital gains, cash public assistance, certain pension benefits, nontaxable interest received from the federal government, nontaxable interest received on state or municipal bonds, and gains on the sale of a personal residence.

This bill would modify the definition of "household income" under the homestead tax credit such that interest income received from the installment sale of certain real property including a claimant's former homestead may be subtracted from income prior to determining the claimant's homestead tax credit. The interest income is deductible up to the amount of interest paid by the claimant on a mortgage to purchase another homestead.

The number of filers receiving interest income from installment sales of real property and the amount of this interest is not known. Thus, the increase in Homestead Credit expenditures cannot be determined. Additional review of existing Homestead returns would increase Department of Revenue operating expenses by \$82,300 annually. The bill will increase the number of Homestead Credit claims filed, to the extent that certain installment sale income is no longer included in household income. Because the number of additional claims is not known, this cost of processing additional claims cannot be estimated.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Subject		
Modify the definition of "income" under the homestead tax credit		
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	\$82,300	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$82,300	\$
B. State Costs by Source of Funds		
GPR	82,300	
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		
	State	Local
NET CHANGE IN COSTS	\$82,300 and see text	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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