

Fiscal Estimate - 2003 Session

Original Updated Corrected Supplemental

| | | | |
|---|--|---|--|
| LRB Number 03-3852/1 | | Introduction Number AB-764 | |
| Subject Individual income tax exemption for volunteer firefighters | | | |
| Fiscal Effect | | | |
| State: | | | |
| <input type="checkbox"/> No State Fiscal Effect | | | |
| <input type="checkbox"/> Indeterminate | | | |
| <input type="checkbox"/> Increase Existing Appropriations | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget | |
| <input type="checkbox"/> Decrease Existing Appropriations | <input checked="" type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| <input type="checkbox"/> Create New Appropriations | | <input type="checkbox"/> Decrease Costs | |
| Local: | | | |
| <input type="checkbox"/> No Local Government Costs | | | |
| <input type="checkbox"/> Indeterminate | | | |
| 1. <input type="checkbox"/> Increase Costs | 3. <input type="checkbox"/> Increase Revenue | 5. Types of Local Government Units Affected | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Towns | <input type="checkbox"/> Village <input type="checkbox"/> Cities |
| 2. <input type="checkbox"/> Decrease Costs | 4. <input type="checkbox"/> Decrease Revenue | <input type="checkbox"/> Counties | <input type="checkbox"/> Others |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> School Districts | <input type="checkbox"/> WTCS Districts |
| 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 | | | |
| Agency/Prepared By | | Authorized Signature | Date |
| DOR/ Karyn Kriz (608) 261-8984 | | Dennis Collier (608) 266-5773 | 2/5/2004 |

Fiscal Estimate Narratives

DOR 2/5/2004

| | | | | | |
|--|-----------|---------------------|--------|---------------|----------|
| LRB Number | 03-3852/1 | Introduction Number | AB-764 | Estimate Type | Original |
| Subject | | | | | |
| Individual income tax exemption for volunteer firefighters | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill would allow a volunteer firefighter to subtract from federal adjusted gross income, any amount of income received to the extent that the income is compensation relating to the individual's service as a volunteer firefighter.

According to the Wisconsin State Firefighters Association, there are currently about 21,000 volunteer firefighters in Wisconsin and this number changes frequently due to a high turnover rate. The amount of compensation received by these individuals for services performed as volunteer firefighters varies depending on the fire department at which the individual volunteers. The fiscal estimate will also depend on the number of fire calls and their duration.

Based on discussions with several fire departments in Wisconsin it is assumed that about one-third of the fire departments do not compensate their volunteer firefighters while the other two-thirds pay their volunteer firefighters an hourly wage for time served on the job. Therefore, about 14,000 ($21,000 \times 2/3$) volunteer firefighters in Wisconsin are compensated for their services. On average there are 40 volunteers per fire department, and therefore, 350 ($14,000 / 40$) fire departments that pay their volunteers. The annual number of calls received at a fire department varies greatly across departments. Assuming an average of 300 calls for purposes of this estimate, 10 volunteers servicing each call with each call lasting one hour, and volunteers are compensated \$10 per hour, a total of \$10.5 million ($300 \times 10 \times \10×350) could be deducted. Assuming a marginal tax rate of 5.5%, state income tax revenues would decrease by \$580,000 ($\$10.5 \text{ million} \times .055$). However, the fiscal effect of this bill could be higher or lower depending on the volume of calls, the number of volunteer firefighters who receive compensation and the wage rate they receive.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

| | | | |
|--|--|--|-----------------|
| LRB Number 03-3852/1 | | Introduction Number AB-764 | |
| Subject | | | |
| Individual income tax exemption for volunteer firefighters | | | |
| 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 | | | |
| Local Assistance | | | |
| Aids to Individuals or Organizations | | | |
| TOTAL State Costs by Category | | \$ | \$ |
| B. State Costs by Source of Funds | | | |
| 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 REVENUE | | \$SeeText | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
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