## Fiscal Estimate - 2005 Session

X	Original		Updated		Corrected		Supplen	nental
LRB	Number	05-2264/2		Introd	duction Num	ber Al	B-380	
Subje	ct							
Individ	ual income ta	ax subtraction fo	r certain arme	d forces mem	bers			
Fiscal	Effect						7.8	
	No State Fiscondeterminates Increase E Appropriate Decrease Appropriate Create Ne	Existing tions Existing	Rever Decre Rever	ase Existing	absort	se Costs - o within age Yes ase Costs		
	Indeterminate  1. Increase Permiss  2. Decrease	e Costs sive Mandato	4. Decrea	se Revenue ssive	Units A Units A  Tov  atory  Co	of Local Go ffected wns [ unties [ hool [ stricts	Overnment  Village Others WTCS Districts	Cities
Fund S	Sources Affe PR	<u> 1994</u>	PRS :	SEG 🔲 SE	Affected Cl	h. 20 Appr	opriation	5
Agend	y/Prepared I	Ву	Y	Authorized S	Signature			Date
DOR/ Kirstin Nelson (608) 261-8984 Reber			Rebecca Bold	ecca Boldt (608) 266-6785 5/4/2005				

## Fiscal Estimate Narratives DOR 5/4/2005

LRB Number	05-2264/2	Introduction Number	AB-380	Estimate Type	Original		
Subject		4	*				
Individual income tax subtraction for certain armed forces members							

## **Assumptions Used in Arriving at Fiscal Estimate**

All military income is taxable by the state of legal residence. Under current Wisconsin law, pay received by certain armed forces reservists while on active duty is exempt. This bill expands the exemption to include active-duty reservists under 10 USC 12301.

This bill applies to 115 members of the armed forces that are part of the Noble Eagle mission and other specified missions, according to the Wisconsin Department of Military Affairs. The U.S. Department of Defense Statistical Information Analysis Division identifies the average pay received by active-duty military personnel in federal FY03 as \$43,500. Adjusting for growth in income, the average pay received by active duty military personnel in federal FY05 would be \$48,000. Assuming an effective tax rate of 4.6%, providing the exemption outlined above is estimated to result in an annual revenue loss of \$250,000 (115 x \$48,000 x 4.6%). To the extent that reservists are not on active duty for a full year, the fiscal effect will be less.

**Long-Range Fiscal Implications** 

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

$\boxtimes$	Original		Updated		Corrected		Supplemental		
LRB	Number	05-2264/	2	Intro	duction Nu	ımber .	AB-380		
Subject Individ		ax subtraction	for certain arr	med forces n	nembers	·			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):									
II. Ann	ualized Cos	ts:			Annualized	Fiscal Imp	pact on funds from:		
	1	, with a			Increased Co	sts	Decreased Costs		
A. Sta	te Costs by	Category			ili in the second second				
State	e Operations	- Salaries and	Fringes			\$			
(FTE	E Position Ch	anges)							
State	e Operations	- Other Costs					:		
Loca	al Assistance								
Aids	to Individual	s or Organiza	tions						
T	OTAL State	Costs by Cat	egory			\$	\$		
B. Sta	te Costs by	Source of Fu	nds				-		
GPF	?			e.					
FED									
PRC	)/PRS								
SEG	S/SEG-S								
	III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)								
					Increased F	Rev	Decreased Rev		
GPF	R Taxes					\$	\$-250,000		
GPF	R Earned								
FED				·	* *				
<del></del>	)/PRS								
	S/SEG-S								
<u> Tr</u>	OTAL State	Revenues				\$	\$-250,000		
NET ANNUALIZED FISCAL IMPACT									
					<u>St</u>	ate	Local		
NET CHANGE IN COSTS						\$	\$		
NET CHANGE IN REVENUE					\$-250,0	000	\$		
				,					
Agency/Prepared By Author					Signature		Date		
DOR/ Kirstin Nelson (608) 261-8984 Re				Rebecca Bo	oldt (608) 266-6	5/4/2005			