

Fiscal Estimate Narratives

DOR 5/4/2005

LRB Number	05-2264/2	Introduction Number	AB-380	Estimate Type	Original
Subject					
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 ($115 \times \$48,000 \times 4.6\%$). 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

Original
 Updated
 Corrected
 Supplemental

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Subject			
Individual income tax subtraction for certain armed forces members			
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		\$	\$-250,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-250,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-250,000	\$
Agency/Prepared By		Authorized Signature	Date
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