

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-1608/1	Introduction Number AB-42
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Subject
 Internal revenue code (IRC) update for contributions to Indian Ocean tsunami victims

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

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

Agency/Prepared By DOR/ Kirstin Nelson (608) 261-8984	Authorized Signature Rebecca Boldt (608) 266-6785	Date 2/3/2005
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Fiscal Estimate Narratives

DOR 2/3/2005

LRB Number	05-1608/1	Introduction Number	AB-42	Estimate Type	Original
Subject					
Internal revenue code (IRC) update for contributions to Indian Ocean tsunami victims					

Assumptions Used in Arriving at Fiscal Estimate

This bill adopts the federal law, Public Law 109-1, that allows taxpayers to claim a deduction for taxable year 2004 for a charitable cash contribution made in January 2005 to benefit victims of the December 26, 2004 Indian Ocean tsunami.

This bill will not have a significant impact on revenues over the biennium as it is essentially a shift of a tax deduction from the 2005 to 2004 tax year. We estimate that this bill will decrease state revenues by approximately \$40,000 in FY05 and increase revenues by about \$30,000 in FY06. This estimate is based on estimates prepared by the Congressional Budget Office (CBO) on the impact of Public Law 109-1 on federal revenues. We assume that Wisconsin's share of tsunami contributions is the same as its share of total itemized charitable contributions in 2003 (1.56%) and that Wisconsin taxpayers claiming the itemized deduction credit have income of \$50,000 or greater. Adjusting for the difference in tax rates (23.4% federal marginal tax rate vs. 5% state itemized deductions credit rate), the bill is estimated to reduce state GPR by \$40,000 in FY05 and increase state GPR by \$30,000 in FY06.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Internal revenue code (IRC) update for contributions to Indian Ocean tsunami victims			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
-\$40,000 in FY05 and \$30,000 in FY06			
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		\$	\$
Agency/Prepared By		Authorized Signature	
DOR/ Kirstin Nelson (608) 261-8984		Rebecca Boldt (608) 266-6785	
		Date	
		2/3/2005	