

Fiscal Estimate Narratives

DOR 1/28/2005

LRB Number	05-1062/1	Introduction Number	SB-9	Estimate Type	Original
Subject					
Phase out estate tax					

Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin law, the estate tax for deaths occurring from October 1, 2002 through December 31, 2007, is equal to the federal credit allowed for state estate taxes in effect for deaths on December 31, 2000.

This bill would reduce the estate tax by 33.3% for deaths occurring in 2006 and by 66.7% for deaths occurring in 2007. Assuming the estate tax is paid nine months after death, the estate tax for deaths occurring in 2006 will be collected in FY07 and FY08. Similarly, the estate tax for deaths occurring in 2007 will be collected in FY08 and FY09.

It is estimated that the bill will reduce FY07 collections by \$30 million, attributable to the 33.3% reduction in the tax for deaths occurring in 2006. The bill will reduce FY08 collections by an estimated \$76 million, \$11 million attributable to the 33.3% reduction in the tax for deaths occurring in 2006 and \$65 million attributable to the 66.7% reduction in the tax for deaths occurring in 2007. The bill will also reduce FY09 collections by an estimated \$2.8 million, attributable to the 66.7% reduction in the tax for deaths occurring in 2007.

Long-Range Fiscal Implications

Under current law, for deaths after December 31, 2007, Wisconsin will conform to the new federal law and the state estate tax will equal the credit under federal law in effect at the time; under the existing federal law there is no credit after 2005, so there would be no Wisconsin estate tax after 2007. This bill would reduce Wisconsin's estate tax collections for the final two years (2006 and 2007) in which Wisconsin does not conform to the current federal estate tax law. This bill will not affect treatment of deaths that occur in 2008 and thereafter. However, the federal estate tax changes are sunsetted, and in the absence of further changes, the federal estate tax law will be restored in 2011. If that sunset occurs, the Wisconsin estate tax will also be restored in 2011.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Phase out estate tax			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
-\$30 million in FY07, -\$76 million in FY08, and -\$2.8 million in FY09.			
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			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$SeeText	\$
Agency/Prepared By			
DOR/ Kirstin Nelson (608) 261-8984		Authorized Signature	
		Rebecca Boldt (608) 266-6785	
		Date	
		1/27/2005	