

Fiscal Estimate Narratives

DOR 3/19/2007

LRB Number	07-1953/1	Introduction Number	AB-0167	Estimate Type	Original
Description Relating to: exempting from taxation unemployment compensation benefits					

Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin law, there is a partial exemption from taxation for unemployment compensation when income falls below certain amounts. According to the Summary of Tax Exemption Devices, the fiscal year 2006 revenue loss due to the current partial exemption was \$3.0 million.

This bill provides an individual income tax exemption for all unemployment compensation. If the bill is enacted by July 31, 2007, the bill would first take effect for tax year 2007; later passage would mean that the bill would first apply to tax year 2008.

Based on a simulation using the 2005 Individual Income Tax Model, the exemption is estimated to reduce revenue by \$43.7 million in fiscal year 2008. The revenue loss would, however, fluctuate with the unemployment rate.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Relating to: exempting from taxation unemployment compensation benefits			
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	\$		\$-43,700,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-43,700,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-43,700,000		\$
Agency/Prepared By		Authorized Signature	Date
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