

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2614/2	Introduction Number AB-0458
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Description
 Modifying the definition of income under the homestead tax credit

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 type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" 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"/> 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	

Towns Village Cities
 Counties Others
 School Districts WTCS Districts

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/ Pamela Walgren (608) 266-7817	Authorized Signature Paul Ziegler (608) 266-5773	Date 9/10/2007
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Fiscal Estimate Narratives

DOR 9/10/2007

LRB Number	07-2614/2	Introduction Number	AB-0458	Estimate Type	Original
Description Modifying the definition of income under the homestead tax credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a homestead tax credit is available to qualifying low-income households to mitigate the impact of real estate taxes. The amount of the credit is determined by a claimant's household income and property taxes. The maximum credit is \$1,160 for those with household income of no more than \$8,000 and property taxes of \$1,450. The amount of the credit phases out as income surpasses \$8,000 and no credit is allowed for persons with household income above \$24,500.

Under current law, the definition of income under the homestead tax credit is the sum of the Wisconsin adjusted gross income and a number of items that are not otherwise includable in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits. Also under current law, any special assessment included on a property tax bill is excluded from the property taxes on which the credit may be claimed.

The bill would modify the definition of income for purposes of the homestead credit so that a special assessment imposed by a municipality, not including any interest and penalties, and paid by the claimant could be subtracted from income in determining the claimant's homestead credit.

The Department does not have information to know the amount of special assessments that would be paid by homestead credit claimants. As a result, an estimate of the revenue effect of the bill is not available. However, reducing the amount of household income considered in determining eligibility for the credit could result in more persons being eligible to claim the credit and may increase the credit for some households that are already eligible for the credit.

The Department's administrative costs under the bill may be absorbed within existing budget authority.

Long-Range Fiscal Implications