

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-2956/1	Introduction Number AB-0437	
Description Relating to: an income and franchise tax credit for hiring unemployed disabled veterans		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <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		
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		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173	John Koskinen (608) 267-8973	10/14/2011

Fiscal Estimate Narratives

DOR 10/14/2011

LRB Number	11-2956/1	Introduction Number	AB-0437	Estimate Type	Original
Description Relating to: an income and franchise tax credit for hiring unemployed disabled veterans					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable income and franchise tax credit for hiring unemployed disabled veterans. The credit is equal to:

- \$4,000 for the year in which a disabled veteran is hired full-time and \$2,000 for each of the next 3 years.
- \$2,000 for the year in which a disabled veteran is hired part-time and \$1,000 for each of the next 3 years.

For veterans that are hired part-time, the credit is calculated by dividing the number of hours the veteran worked for the claimant in the taxable year by 2,080, and then multiplying the full credit amount shown above by the percentage determined in the first step.

In order to be eligible for the credit, the veteran must have been eligible for and receiving unemployment benefits for at least one week prior to being hired by the claimant. In addition, the credit cannot be claimed in any taxable year in which the veteran voluntarily or involuntarily leaves employment with the claimant.

Unused credits may be carried over and offset against tax for up to 15 years.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their payment of amounts. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

Fiscal Estimate

The following assumptions were used to estimate the fiscal impact of the bill based on data from the US Department of Veterans Affairs and the WI Department of Workforce Development: 1) there are 238,397 working-age veterans in Wisconsin; 2) the unemployment rate of veterans is estimated to be 14%; 3) the share of Wisconsin working-age veterans who are 50% disabled is 6.2%; 4) 25% of disabled veterans are hired each year, 75% of which for full-time work and 25% for part-time employment; and 5) veterans hired part-time will work on average 40% of full-time. Under these assumptions, the bill will result in an estimated revenue loss of the following amounts:

FY 2012: \$300,000
FY 2013: \$1.3 million
FY 2014: \$2.0 million
FY 2015: \$2.4 million
FY 2016: \$2.8 million
FY 2017: \$2.9 million

The fiscal effect could be higher (lower) in a year if more (fewer) veterans are hired.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description Relating to: an income and franchise tax credit for hiring unemployed disabled veterans			
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	\$	\$
	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		\$See Text	\$
Agency/Prepared By			
DOR/ Michael Oakleaf (608) 261-5173		Authorized Signature	
		John Koskinen (608) 267-8973	
			Date
			10/14/2011