## Fiscal Estimate - 2011 Session

**LRB Number**: 11-3631/1  
**Introduction Number**: SB-369

### Description
An income and franchise tax credit for hiring unemployed disabled veterans

### Fiscal Effect

**State:**

- [ ] No State Fiscal Effect
- [ ] Indeterminate
  - [ ] Increase Existing Appropriations
  - [ ] Decrease Existing Appropriations
  - [ ] Create New Appropriations
  - [ ] Increase Existing Revenues
  - [ ] Decrease Existing Revenues
  - [x] Increase Costs - May be possible to absorb within agency's budget
    - [x] Yes
    - [ ] No
  - [ ] Decrease Costs

**Local:**

- [ ] No Local Government Costs
- [ ] Indeterminate
  - [ ] Increase Costs
    - [ ] Permissive
    - [ ] Mandatory
  - [ ] Decrease Costs
    - [ ] Permissive
    - [ ] Mandatory
  - [ ] Increase Revenue
    - [ ] Permissive
    - [ ] Mandatory
  - [ ] Decrease Revenue
    - [ ] Permissive
    - [ ] Mandatory

### Fund Sources Affected

- [ ] GPR  
- [ ] FED  
- [ ] PRO  
- [ ] PRS  
- [ ] SEG  
- [ ] SEGS

### Affected Ch. 20 Appropriations

- [ ] Towns  
- [ ] Village  
- [ ] Cities  
- [ ] Counties  
- [ ] Others  
- [ ] School  
- [ ] Districts  
- [ ] WTCS  
- [ ] Districts

### Agency/Prepared By

- DOR/ Michael Oakleaf (608) 261-5173

### Authorized Signature

- John Koskinen (608) 267-8973

### Date

- 1/12/2012
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 is 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**

<table>
<thead>
<tr>
<th>LRB Number</th>
<th>11-3631/1</th>
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<th>SB-369</th>
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</table>

**Description**

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):**

<table>
<thead>
<tr>
<th>II. Annualized Costs:</th>
<th>Annualized Fiscal Impact on funds from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased Costs</td>
</tr>
<tr>
<td></td>
<td>Decreased Costs</td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>GPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>FED</td>
</tr>
<tr>
<td>PRO/PRS</td>
</tr>
<tr>
<td>SEG/SEG-S</td>
</tr>
</tbody>
</table>

III. **State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)**

<table>
<thead>
<tr>
<th>Increased Rev</th>
<th>Decreased Rev</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPR Taxes</td>
<td>$</td>
</tr>
<tr>
<td>GPR Earned</td>
<td></td>
</tr>
<tr>
<td>FED</td>
<td></td>
</tr>
<tr>
<td>PRO/PRS</td>
<td></td>
</tr>
<tr>
<td>SEG/SEG-S</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL State Revenues</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

**NET ANNUALIZED FISCAL IMPACT**

| NET CHANGE IN COSTS | $ | $ |
| NET CHANGE IN REVENUE | $See Text | $ |

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