

PRELIMINARY

1999 Session

FISCAL ESTIMATE

- ORIGINAL UPDATED
- CORRECTED SUPPLEMENTAL

DOA-2048 N(R10/98)

LRB or Bill No./Adm. Rule No.

LRB 0894/2

AB 73

Amendment No. if Applicable

Subject

Individual Income Tax Exemption for Interest Earned on Certain Deposit Accounts

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb
 Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- 1. Increase Costs
 Permissive Mandatory
- 2. Decrease Costs
 Permissive Mandatory

- 3. Increase Revenues
 Permissive Mandatory
- 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

The bill creates an individual income tax exemption for interest earned on deposits in a bank, savings bank, savings and loan association, trust company or credit union. The exemption is limited to \$500 per year for married couples filing jointly, \$250 per year for single filers and \$350 for head of household filers.

Based on the 1997 Wisconsin Individual Income Tax Model adjusted for flow of funds information provided by the Board of Governors of the Federal Reserve System, the revenue loss due to this exemption is \$16.2 million.

Administrative costs associated with this bill have not yet been estimated. However, given that the bill will affect 1.2 million tax filers and generate nearly 12,000 new refunds, it is anticipated that administrative costs will be substantial. This fiscal note will be updated as soon as the administrative costs are determined.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

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Date

1/21/99

PRELIMINARY

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**FISCAL ESTIMATE
DOA-2047 N(R10/98)**

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	Amendment No.
LRB 0894/2 AB 73	

Subject
Individual Income Tax Exemption for Interest Earned on Certain Deposit Accounts

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 State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe		\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ see text	\$ -
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	\$	\$ - 16.2 million
GPR Eamed		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$ see text	\$ - 16.2 million

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ see text	\$
NET CHANGE IN REVENUES	\$ - 16.2 million	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
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