

FISCAL ESTIMATE

DOA-2048 N(R10/98)

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
AB 81 (99-1127/1)
 Amendment No. if Applicable

Subject

Income Tax and Franchise Tax Credit for Businesses That Hire Disabled Veterans

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 a refundable credit against income and franchise tax for businesses that hire disabled veterans. The credit would be computed on the salary, times the percentage of disability of the veteran hired, as determined by federal disability ratings.

It is estimated that this credit would reduce tax revenues by \$4,612,500 in the first year—\$1,455,000 for hiring Wisconsin disabled veterans who are currently not in the labor force or are not working (see Table 1), and \$3,157,500 for hiring disabled veterans who are currently in the labor force but who may change jobs (see Table 2). The amount of the credit could increase in later years as more disabled veterans are hired or change jobs. If none of the same persons were hired or changed jobs, the amount of the credit would increase each year by \$4,612,500.

(continued on page two)

Long-Range Fiscal Implications

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TABLE 1
Estimated Wisconsin Disabled Veterans Not in the Labor Force or Not Working

Disability Rating	Wisconsin Disabled Veterans	Not in the Labor Force		Not in Labor Force Because of Disability		Able to Work	Searching and Available For Work	Disability Rating	Salary	Decrease in Revenues
	(1)	(2)	(3)	(4)	(5)					
Less than 30%	22,600	46	10,400	13	1,350	9,050	180	15%	\$25,000	\$675,000
30% to 60%	9,700	54	5,240	42	2,200	3,040	60	45%	20,000	\$540,000
Greater than 60%	6,700	77	5,160	76	3,920	1,240	20	80%	15,000	\$240,000
Total	39,000		20,800		7,470	13,330	260			\$1,455,000

Column 1: The estimated number of Wisconsin disabled veterans by disability rating, according to U.S. Department of Veteran's Affairs (VA) data.

Column 2: The percentages of disabled veterans who are not in the workforce by disability rating, according to U.S. Bureau of Labor Statistics (BLS) data. It is assumed that these national percentages are applicable to Wisconsin disabled veterans.

Column 3: The number of Wisconsin disabled veterans who are not currently in the workforce, based on BLS estimates of disabled veterans nationwide (Column 1 x Column 2).

Column 4: The percentage of disabled veterans, according to BLS data, who are not in the labor force because their disability prevents them from working. It is assumed that these national percentages are applicable to Wisconsin disabled veterans.

Column 5: The estimated number of Wisconsin disabled veterans who are not in the labor force because their disability prevents them from working, based on BLS estimates of disabled veterans nationwide (Column 3 x Column 4).

Column 6: The estimated number of disabled veterans who are not in the labor force but who are able to work (Column 3 minus Column 5).

Column 7: The estimated number of disabled veterans who have searched and are available for work, based on BLS data of the general population of persons who are not in the labor force. BLS estimates that 2% of persons not in the labor force have searched and are available for work, and it is assumed that these statistics are applicable to Wisconsin disabled veterans (Column 6 x 2%).

Column 8: The assumed disability rating for each category of disabled veterans is the midpoint of each disability range: 15% for disability ratings under 30%, 45% for disability ratings of 30% to 60%, and 80% for disability ratings over 60%.

YEB
3/12/99

Column 9: The assumed average annual salary is \$25,000 for persons with a disability rating of under 30%; \$20,000 for persons with a disability rating of 30% to 60%, and \$15,000 for persons with a disability rating of over 60%.

Column 10: The estimated decrease in revenues (Column 7 x Column 8 x Column 9).

TABLE 2
 Estimated Wisconsin Disabled Veterans In the Labor Force

Disability Rating	Wisconsin Disabled Veterans	In the Labor Force		Change Jobs (4)	Disability Rating (5)	Salary (6)	Decrease in Revenues (7)
	(1)	% (2)	Number (3)				
Less than 30%	22,600	54	12,200	370	15%	\$25,000	\$1,387,500
30% to 60%	9,700	46	4,460	130	45%	20,000	\$1,170,000
Greater than 60%	6,700	23	1,540	50	80%	15,000	\$600,000
Total	39,000		18,200	550			\$3,157,500

Column 1: The number of Wisconsin disabled veterans, according to VA data.

Column 2: The estimated percentage of disabled veterans who are in the labor force, according to BLS data. It is assumed that these percentages would be applicable to Wisconsin disabled veterans.

Column 3: The estimated number of Wisconsin veterans who are currently in the labor force, based on BLS data (Column 1 x Column 2).

Column 4: The estimated number of disabled veterans who would change jobs, based on BLS data of the general population of persons who are in the labor force. BLS estimates that 3% of persons currently in the labor force leave their jobs but remain in the labor force. It is assumed that these data are applicable to Wisconsin disabled veterans (Column 3 x 3%).

Column 5: The assumed disability rating for each category of disabled veterans is the midpoint of each disability range: 15% for disability ratings under 30%, 45% for disability ratings of 30% to 60%, and 80% for disability ratings over 60%.

Column 6: The assumed average annual salaries for each category is \$25,000 for persons with a disability rating of under 30%, \$20,000 for persons with a disability rating of 30% to 60%, and \$15,000 for persons with a disability rating of over 60%.

Column 7: The estimated decrease in revenues (Column 4 x Column 5 x Column 6).

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DOA-2047 N(R10/98)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.	Amendment No.
AB 81	

Subject

Income Tax and Franchise Tax Credit for Businesses That Hire 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 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	\$	\$ -
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.)		
GPR Taxes	\$	\$ - 4,612,500
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - 4,612,500

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ - 4,612,500	\$ _____

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