

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99-3375/1

INTRODUCTION # AB 546

Admin. Rule #

Subject

Limit Retirement Income in Homestead Credit Household Income to Taxable Amount

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:

Under current law, household income includes the gross amount of pension and annuity income; this bill would include only taxable pension and annuity income in household income.

Current statutes, through a parenthetical statement, include social security benefits, as well as other types of retirement income, as pension and annuity income. As a result, the bill as drafted would exclude nontaxable social security income along with other nontaxable retirement benefits from household income. This would increase Homestead Credits for current claimants by approximately \$40 million. In addition, an undetermined, but substantial amount of credits would be paid to persons who are not currently eligible for the credit because their social security benefits take their household income over the credit's income ceiling, but would become eligible if nontaxable social security was not included in household income. These new claims would require additional expenditures by the Department of Revenue for processing and verifying the new claims. An estimate of these costs has not been made at this time.

If the bill was revised so that nontaxable social security income remained in household income, while nontaxable distributions from pensions, annuities and individual retirement accounts were excluded, Homestead expenditures would increase by approximately \$1 million annually.

Long-Range Fiscal Implications:

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

Wisconsin Department of Revenue

Dennis Collier, (608) 266-5773

Authorized Signature/Telephone No.

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Yeang-Eng Braun

Date

11/11/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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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	\$ See Text	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs	See Text	-
Local Assistance		-
Aids to Individuals or Organizations	See Text	-
TOTAL State Costs by Category	\$ See Text	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ See Text	\$ -
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

STATE

LOCAL

NET CHANGE IN COSTS	\$ See Text	\$
NET CHANGE IN REVENUES	\$	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue	Yeang-Eng Braun <i>Yeang Eng Braun</i>	11/11/99
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