

1999 Session

FISCAL ESTIMATE

ORIGINAL UPDATED

DOA-2048 N(R10/98)

CORRECTED SUPPLEMENTAL

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.

The administrative cost of processing 12,000 refunds is estimated to be \$37,100 annually. A one-time costs for programming is estimated to be \$26,000.

Long-Range Fiscal Implications

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

Wisconsin Department of Revenue
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Date

2/15/99

1999 Session

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

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

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

+\$26,000 (programming)

II. Annualized Costs:	Annualized Fiscal impact on State Funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe	\$ 25,200	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs	11,900	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 37,100	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 37,100	\$ -
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	\$	\$ - 16.2 million

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ + 37,100	\$
NET CHANGE IN REVENUES	\$ - 16.2 million	\$

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Craig D. Kammholz, (608) 261-8984	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	Date 2/15/99
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