

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b> 99-3909/1
<b>INTRODUCTION #</b> Oct. 1999 Spec. Sess. AB 3
<b>Admin. Rule #</b>

**Subject**  
**Sales Tax Rebate and Property Tax/Rent Credit**

**Fiscal Effect**

- State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation
- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> Increase Existing Appropriation | <input checked="" type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <input checked="" type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues            |   |
| <input checked="" type="checkbox"/> Create New Appropriation        |  |   |
- Decrease Costs

**Local:**  No Local Government Costs

- |  |   |  |
|--|---|--|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Governmental Units Affected:<br><input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others _____<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |  |

**Fund Sources Affected**

- GPR  FED  PRO  PRS  SEG  SEG-S

**Affected Ch. 20 Appropriations**

20.566 (1)(a), 20.835 (2)(am) and (3)(b)

**Assumptions Used in Arriving at Fiscal Estimate:**

**Sales Tax Rebate**

The bill provides a one-time nonbusiness consumer sales tax rebate based on Wisconsin adjusted gross income reported on the 1998 Wisconsin individual income tax return. The rebate varies, for persons who are single or married filing separately or heads of household from \$188 when Wisconsin adjusted gross income (WAGI) is not more than \$25,000 to \$273 when WAGI is more than \$250,000. For married couples filing jointly, the rebate ranges from \$368 when WAGI is \$25,000 or less to \$546 when WAGI is more than \$500,000. The Department of Revenue will calculate the rebate for all full-year or part-year residents who filed a 1998 income tax return or Homestead credit schedule. Full-year or part-year residents who did not file an income tax return or Homestead credit claim in 1998 may file a claim for a rebate no later than June 30, 2000. Nonresidents may file a claim for 30.4% of documented sales tax, up to a maximum of \$273, no later than 30 days after the effective date of the bill.

**School Levy Credit**

The bill also eliminates a \$60 million increase to the school levy tax credit on property tax bills in FY01 provided by nonstatutory provisions in Act 9.

**Property Tax/Rent Credit**

This bill repeals the school property tax credit for tax years 1999 and 2000. Current law allows a school property tax credit against individual income tax liability equal to 10% of property taxes, or rent constituting property taxes, not exceeding \$2,000. 1999 Wisconsin Act 9 provides an additional 6.4% school property tax credit for tax year 1999, and eliminates the credit for tax years after 2000. This bill eliminates the regular and additional credits in 1999 and the regular credit in 2000, and restores the regular credit (10% credit up to \$200) for tax years 2001 and thereafter.

(continued on page two)

**Long-Range Fiscal Implications:**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Dennis Collier, (608) 266-5773	<b>Authorized Signature/Telephone No.</b> Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	<b>Date</b> 11/8/99
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Fiscal Effect

1. One-Time Costs

The sales tax rebate will increase expenditures by an estimated \$700 million in FY00. Eliminating the increase in the school levy tax credit will reduce expenditures by \$60 million in FY01. Eliminating the school property tax credit in tax years 1999 and 2000, including the 6.4% additional credit in 1999, will increase individual income tax revenues by an estimated \$395 million in FY00 and \$250 million in FY01. The fiscal effect is summarized in the following table (amounts in millions of dollars):

	FY00	FY01	Biennium
Repeal of school property tax credit (GPR-Rev)	+\$395	+\$250	+\$645
Sales tax rebate (GPR-Exp)	+\$700	\$0	+\$700
Elimination of school levy tax credit increase (GPR-Exp)	-\$60	\$0	-\$60
Net change in closing balance (GPR-Rev minus GPR-Exp)	-\$245	+\$250	+\$5

The Department will incur costs of approximately \$2,357,500 in FY2000 to administer the sales tax rebate, broken down as follows:

Permanent salaries (overtime)	\$240,400
LTE salaries	139,200
Fringe benefits	65,500
Contract programming	187,200
Infotech-development and production, and other related costs	54,700
Furniture, rent and telephone	67,200
Printing forms, envelopes	37,900
Postage	664,500
Printing, storage, security and transportation of checks	480,000
Distribution of rebate checks, etc.	93,400
Processing of checks	327,500
	<u>\$2,357,500</u>

2. On-Going Costs

Restoration of the 10% school property tax/rent credit for tax years 2001 and thereafter would reduce income tax revenues for FY02 and thereafter by an estimated \$250 million annually.

YEB 11/8/99

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

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AB 3

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

See text of fiscal note.

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$ -</b>
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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 <span style="float: right;">FY 2002</span>	\$	\$ - 250 million
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ - 250 million</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ -250,000,000	\$ _____

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Dennis Collier, (608) 266-5773	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	11/8/99