

**FISCAL ESTIMATE FORM**

**2001 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

|                            |
|----------------------------|
| <b>LRB #</b> 01-0745/1     |
| <b>INTRODUCTION #</b> AB 8 |
| <b>Admin. Rule #</b>       |

**Subject**  
**Create Individual Income Tax Exemption for Interest Income Received from Deposits in Financial Institutions**

**Fiscal Effect**

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

|  |  |  |
|--|--|--|
| <input type="checkbox"/> Increase Existing Appropriation | <input 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<br><br><input type="checkbox"/> Decrease Costs |
| <input type="checkbox"/> Decrease Existing Appropriation | <input checked="" type="checkbox"/> Decrease Existing Revenues |  |
| <input type="checkbox"/> Create New Appropriation        |  |  |

**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 |  |

|  |  |
|--|--|
| <b>Fund Sources Affected</b><br><input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S | <b>Affected Ch. 20 Appropriations</b><br>20.566 (1)(a) |
|--|--|

**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 or married separate filers, and \$350 per year for head of household filers.

Based on a simulation using the 1999 Wisconsin Individual Income Tax Model, income tax revenues would be reduced by \$18.4 million.

The Department would incur one-time administrative costs of \$28,400 in tax year 2001 for modification of computer systems, as well as on-going costs of \$37,300 for additional data collection, correspondence, and adjustment activity.

**Long-Range Fiscal Implications:**

|   |  |                        |
|---|--|------------------------|
| <b>Agency/Prepared by: (Name &amp; Phone No.)</b><br>Wisconsin Department of Revenue<br>Meredith Krejny, (608) 261-8984 | <b>Authorized Signature/Telephone No.</b><br>Yeang-Eng Braun<br>(608) 266-2700<br> | <b>Date</b><br>1/31/01 |
|---|--|------------------------|

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**2001 Session**

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Admin. Rule #

**INTRODUCTION # AB 8**

**Subject**

Create Individual Income Tax Exemption for Interest Income Received from Deposits in Financial Institutions

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

One-time administrative costs of \$28,400 in FY02.

| II. Annualized Costs:  | Annualized Fiscal impact on State funds from: |                          |
|--|---|--------------------------|
|  | Increased Costs                               | Decreased Costs          |
| <b>A. State Costs by Category</b>  |   |                          |
| State Operations - Salaries and Fringe   | \$ 25,400                                     | \$ -                     |
| (FTE Position Changes)   | (1.9 FTE)                                     | (- FTE)                  |
| State Operations-Other Costs   | 11,900  | -                        |
| Local Assistance   |   | -                        |
| Aids to Individuals or Organizations   |   | -                        |
| <b>TOTAL State Costs by Category</b>   | <b>\$ 37,300</b>                              | <b>\$ -</b>              |
| <b>B. State Costs by Source of Funds</b>   | <b>Increased Costs</b>                        | <b>Decreased Costs</b>   |
| GPR  | \$  | \$ -                     |
| FED  |   | -                        |
| PRO/PRS  |   | -                        |
| SEG/SEG-S  |   | -                        |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b> | <b>Increased Rev.</b>                         | <b>Decreased Rev.</b>    |
| GPR Taxes  | \$  | \$ - 18.4 million        |
| GPR Earned   |   | -                        |
| FED  |   | -                        |
| PRO/PRS  |   | -                        |
| SEG/SEG-S  |   | -                        |
| <b>TOTAL State Revenues</b>  | <b>\$</b>                                     | <b>\$ - 18.4 million</b> |

**NET ANNUALIZED FISCAL IMPACT**

|                        | <u>STATE</u>      | <u>LOCAL</u> |
|------------------------|-------------------|--------------|
| NET CHANGE IN COSTS    | \$ + 37,300       | \$           |
| NET CHANGE IN REVENUES | \$ - 18.4 million | \$           |

| Agency/Prepared by: (Name & Phone No.)                             | Authorized Signature/Telephone No.                          | Date    |
|--|---|---------|
| Wisconsin Department of Revenue<br>Meredith Krejny. (608) 261-8984 | Yeang-Eng Braun<br><i>Yeang-Eng Braun</i><br>(608) 266-2700 | 1/31/01 |