



## Fiscal Estimate Narratives

DOR 5/4/01

LRB Number	<b>01-2144/1</b>	Introduction Number	<b>SB-150</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Negative option campaign fund checkoff					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return (whether having a tax liability or refund) may designate that \$1 of general fund revenues be transferred to the campaign fund. Spouses filing a joint return may each choose to designate a \$1 transfer. All moneys transferred to the campaign fund are placed in accounts for specified state offices, and candidates for those offices may qualify for grants from the fund for specified campaign expenses. No moneys in the fund may be used for any other purpose.

Under the bill, the checkoff amount would increase from \$1 to \$5. In addition, the bill would require individuals to indicate that they do not want \$5 to be transferred to the Wisconsin election campaign fund, rather than designate amounts to be transferred, as under current law.

In tax year 1999, nearly 325,000 taxpayers made \$1 designations to the Wisconsin election campaign fund on state income tax returns. If the number of taxpayers for whom transfers are made does not change, increasing the checkoff amount from \$1 to \$5 would increase the amount designated to the election campaign fund by \$1.3 million ( $\$325,000 \times 4$ ).

However, the number could increase substantially because taxpayers must proactively indicate they do not want moneys transferred to the election campaign fund. It is likely that some taxpayers will fail to notice or understand the required indication, increasing the fiscal effect of the provision.

In 1999, there were 1.6 million individual tax filers and 2.2 million joint filers (filing 1.1 million returns). If a \$5 transfer to the election campaign fund were made for all taxpayers (i.e. no taxpayer indicated a transfer was not to be made), the amount transferred to the campaign fund would be \$19 million ( $3.8 \text{ million} \times \$5$ ).

Additional amounts would be transferred from the general fund to the election campaign fund.

### Long-Range Fiscal Implications