

Assembly Hearing Slip

(please print plainly)

Date: 12-12-01

Bill No. AB 25

Or Subject _____

Name Tom Durkin - DOR

Street Address or Route Number _____

City, State, ZIP Code _____

E-Mail Address _____

Organization You Represent _____

Speaking in Favor:	<input type="checkbox"/>
Speaking Against:	<input type="checkbox"/>
Registering in Favor:	<input type="checkbox"/>
Registering Against:	<input type="checkbox"/>
Speaking for Information Only, neither for nor against:	<input checked="" type="checkbox"/>

Please promptly return this slip to the messenger at the hearing.

Provided by:
Assembly Sergeant at Arms
<http://www.assemblysergeant.com>

Assembly Hearing Slip

(please print plainly)

Date: _____

Bill No. AB 25

Or Subject Ben Zappala

Name Ben Zappala

Street Address or Route Number 25 RD

City, State, ZIP Code _____

E-Mail Address _____

Organization You Represent _____

Speaking in Favor:	<input checked="" type="checkbox"/>
Speaking Against:	<input type="checkbox"/>
Registering in Favor:	<input type="checkbox"/>
Registering Against:	<input type="checkbox"/>
Speaking for Information Only, neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the hearing.

Provided by:
Assembly Sergeant at Arms
<http://www.assemblysergeant.com>

Assembly Hearing Slip

(please print plainly)

Date: Dec. 12, 2001

Bill No. AB 25

Or Subject Propert tax Credit

Name Frankie W. Talis

Street Address or Route Number 122 W. Washington Ave #400

City, State, ZIP Code Madison, WI 53703

E-Mail Address chris@wosb.org

Organization You Represent W.S. Assn - 7 Sol. Boards

Speaking in Favor:	<input type="checkbox"/>
Speaking Against:	<input type="checkbox"/>
Registering in Favor:	<input type="checkbox"/>
Registering Against:	<input checked="" type="checkbox"/>
Speaking for Information Only, neither for nor against:	<input type="checkbox"/>

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AB 25

Index for inflation The tax credit T₃ is in effort to keep the taxpayer's purchasing power intact.

Real value declines yearly due to inflation
% not indexed.

Tax brackets & std deduction are indexed.

FE → 16.8 m in '03.

Hetty

Causes concern in light of today's economic situation

DOR - supports concept

was: Enacted for '05?

"DOR: would be a good route."

Assembly Hearing Slip

(Please print plainly)

Date: 12/12/2008

Bill No. ~~4625~~ 4625

Of Subject _____

(Name) Rep. Tim Carpenter

(Street Address or Route Number) _____

(City & Zip Code) _____

(Representing) _____

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms
Room 411 West
State Capitol
Madison, VT 53702

RECENT HISTORICAL SUMMARY OF VARIOUS TAX CREDITS

	1986	1987	1988	1989-97	1998	1999	2000	2001
<u>Married Couple Credit</u>								
-Maximum Eligible Earnings	\$18,000	\$18,000	\$18,000	\$15,000	\$14,000	\$14,000	\$16,000	\$16,000
-Maximum % Credit Rate	2.5%	2.5%	2.5%	2.0%	2.17%	2.5%	2.75%	3.0%
-Maximum Allowable Credit	\$450	\$450	\$450	\$300	\$304	\$350	\$440	\$480
<u>School Property Tax Rent Credit</u>								
-Maximum Tax/Rent Amount Eligible								
--Single/Head of Household/Married Joint Filers	\$2,000	\$2,000	\$2,000	\$2,000	\$2,500	No Credit	\$2,500	\$2,500
--Married Separate Filers	\$1,000	\$1,000	\$1,000	\$1,000	\$1,250	Available	\$1,250	\$1,250
-Maximum % Credit Rate	7.9%	13.4%*	15.0%*	10%	14%		12%	12%
-Maximum Credit	\$158	\$268*	\$300*	\$200	\$350		\$300	\$300
--Single/Head of Household/Married Joint Filers	\$79	\$34	\$150	\$100	\$175		\$150	\$150
--Married Separate Filers								
<u>Working Families Credit</u>								
-Eligible Income Thresholds								
--Single/Head of Household/Married Joint Filers	N/A	N/A	N/A	N/A	\$9,000	\$9,000	\$9,000	\$9,000
--Married Separate Filers					\$18,000	\$18,000	\$18,000	\$18,000
-Phase-Out Ceiling								
--Single/Head of Household/Married Joint Filers	N/A	N/A	N/A	N/A	\$10,000	\$10,000	\$10,000	\$10,000
--Married Separate Filers					\$19,000	\$19,000	\$19,000	\$19,000

* Reflects retroactive allowance passed in 1989 of an additional 6.5% maximum credit rate for 1987 and 1988, increasing the maximum allowable credit

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--Married Separate Filers	\$1,000	\$1,000	\$1,000	\$1,000	\$1,250	Available	\$1,250	\$1,250
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--Single/Head of Household/Married Joint Filers	N/A	N/A	N/A	N/A	\$9,000	\$9,000	\$9,000	\$9,000
--Married Separate Filers					\$18,000	\$18,000	\$18,000	\$18,000
-Phase-Out Ceiling								
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--Married Separate Filers					\$19,000	\$19,000	\$19,000	\$19,000

* Reflects retroactive allowance passed in 1989 of an additional 6.5% maximum credit rate for 1987 and 1988, increasing the maximum allowable credit

MEMORANDUM

January 31, 2001

TO: Marc Shovers
Legislative Reference Bureau

FROM: Yeang-Eng Braun *YEB*
Department of Revenue

SUBJECT: Technical Memorandum on AB 25 – Index Working Families, Married Couple, and School Property Tax Credits for Inflation

The Department wishes to raise several administrative concerns regarding AB 25.

1. Section 1 indexes the Wisconsin adjusted gross income (WAGI) amounts that are the phase-out floors and ceilings for both single and married joint filers for the working families credit. Currently, the WAGI figures for married joint filers are twice as large as the amounts for single filers. Consequently, any percentage increase due to indexing will result in a greater change for married joint filers than for single filers. After rounding, this may result in a phase-out floor and ceiling for married joint filers that are more than twice those for single filers. If the sponsor wishes to retain the current relationship in which the phase-out floor and ceiling for joint filers are double those for single filers, the statutory language can be amended to index the floor and the ceiling for single filers, round these amounts, and then set the floor and ceiling for married joint filers equal to twice the amounts for single filers.
2. Currently, the working families credit is calculated as a fraction with the numerator being the difference between the claimants WAGI and the eligible income threshold and the denominator being \$1,000--the current difference between the income threshold and the credit phase-out ceiling. Section 1 of the bill also provides for the indexing of this amount. When all three amounts in this fraction are indexed, the denominator may not always equal the difference between the WAGI amount and income threshold. In this case, the credit will not phase out at the indexed phase-out ceiling. The sponsor may wish to index only the phase-out floor and ceiling and set the difference between these two amounts as the denominator of the fraction.
3. Under current law, the base amount of the school property tax/rent credit (SPTC) for married separate filers equals one-half the amount for married joint filers. Indexing the base amounts according to Section 3 can result in a base credit for married joint filers that is more than twice the base credit for married separate filers. To retain the current relationship for the SPTC, the bill can be amended to index the base amount for joint filers, round this number, and set the base credit for separate filers equal to one-half of this amount.

If you have questions regarding this technical memorandum, please contact Meredith Krejny at 261-8984.

YEB:MK:ds
I:\fsn01-02\mk\ab25.tec

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-0230/2

INTRODUCTION # AB 25

Admin. Rule #

Subject

Index Working Families, Married Couple, and School Property Tax Credits for Inflation

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 indexes for inflation, beginning in tax year 2001, the working families tax credit and the school property tax credit. Indexing is to be based on the change in the consumer price index (CPI) to August of the previous year from August 1999. The bill also indexes the married couples tax credit beginning in tax year 2002 based on the change in the CPI to August of the previous year from August 2000.

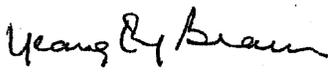
Specifically, the bill indexes the eligible income thresholds and phase-out ranges for the working families tax credit to the nearest \$10. For the married couple tax credit, the bill indexes the maximum credit amounts and rounds these to the nearest \$10. Finally, the bill indexes the maximum amount of eligible property taxes or rent that can be claimed for the school property tax/rent credit and rounds these figures to the nearest \$10.

The table below shows the credit parameters for tax years 2001, 2002 and 2003 based on the inflation forecast published in November by Standard & Poor's DRI. The relevant cumulative indexing factors used for the working families and school property tax/rent credits for each year are 3.4%, 5.6%, and 7.3%, respectively; for the married couple credit, indexing factors used were 2.2% in 2002 and 3.9% in 2003. Tax year 2000 information (and 2001 information for the married couple credit) is provided as a baseline.

Based on simulations using the 1999 Wisconsin Individual Income Tax Model (adjusted to reflect current law and statutory indexing of tax brackets and the standard deduction for future years), the revenue loss associated with this bill is estimated to be \$4.7 million in tax year 2001, \$11.0 million in tax year 2002, and \$16.8 million in tax year 2003. By credit, the fiscal effects for each year can be broken down as follows:

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Meredith Krejny, (608) 261-8984	Authorized Signature/Telephone No. Yeang-Eng Braun (608) 266-2700 	Date 1/31/01
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Revenue Loss By Credit, Tax Years 2001 - 2003

Credit	Tax Year		
	2001	2002	2003
Working Families Credit	\$ 360,000	\$ 590,000	\$ 800,000
Married Couple Credit	N/A	3,800,000	7,500,000
School Property Tax/Rent Credit	4,400,000	6,650,000	8,500,000

The effects of these tax changes will occur in FY 02, FY 03 and FY 04 respectively since withholding tables are typically not adjusted to account for changes in credits.

Credit Parameters: Tax Years 2000 through 2003

Credit	Tax Year			
	2000	2001	2002	2003
Working Families Tax Credit				
Eligible Income Thresholds				
Single/Head of Household/Married Separate	\$9,000	\$9,310	\$9,500	\$9,660
Married Joint Filers	18,000	18,610	19,010	19,310
Phase-out Ceiling				
Single/Head of Household/Married Separate	10,000	10,340	10,560	10,730
Married Joint Filers	19,000	19,650	20,060	20,390
Married Couple Credit				
Maximum Credit	\$440	\$480	\$490	\$500
Implied Maximum Eligible Earnings	16,000	16,000	16,333	16,666
School Property Tax/Rent Credit				
Maximum Tax/Rent Amount Eligible				
Single/Head of Household/Married Joint	\$2,500	\$2,590	\$2,640	\$2,680
Married Separate Filers	1,250	1,290	1,320	1,340
Maximum Credit				
Single/Head of Household/Married Joint	300	311	317	322
Married Separate Filers	150	155	158	161

YFB 1/31/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-0230/2
INTRODUCTION # AB 25

Admin. Rule #

Subject
Index Working Families, Married Couple, and School Property Tax Credits for Inflation

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	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds		
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.)		
GPR Taxes	\$	\$ - See Text
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - See Text

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ See Text	\$ _____

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