



## Fiscal Estimate Narratives

DOR 1/15/2004

LRB Number	03-2370/1	Introduction Number	SB-355	Estimate Type	Original
<b>Subject</b>					
Eliminate estate tax					

### Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin law, the estate tax for deaths occurring from October 1, 2002 through December 31, 2007, is equal to the federal credit in effect for deaths on December 31, 2000. The estate tax is repealed for deaths occurring after December 31, 2007. The due date for the Wisconsin estate tax is nine months after the date of death, and therefore, initial collections from the tax will end on September 30, 2008.

This bill would repeal the estate tax for deaths occurring after December 31, 2005. The state would lose collections from October 1, 2006 through September 30, 2008. According to the Legislative Fiscal Bureau, estate tax collections are estimated at \$90 million for FY05. Assuming \$88 million of FY05 revenues are initial collections paid nine months after the date of death (the other \$2 million are audit and delinquent collections not affected by this bill) and assuming collections grow 8% annually, collections would be \$95 million in FY06, \$103 million in FY07, \$111 million in FY08 and \$30 million in FY09. Therefore, the fiscal effect of this bill would be \$77 million in FY07 (collections in the final nine months of the fiscal year), \$111 million in FY08 and \$30 million in FY09.

### Long-Range Fiscal Implications

Under current federal law, the federal estate tax is phased out and eventually eliminated for deaths occurring after December 31, 2010. However, current law sunsets the provisions phasing out and eliminating the federal estate tax so that, without new federal legislation to extend its elimination, the federal estate tax will be restored for deaths occurring after 2010. Under current state law, the Wisconsin estate tax would be restored and would equal the amount of credit allowed for state death taxes under federal law. This bill would eliminate the Wisconsin estate tax for deaths occurring after December 31, 2005. If the federal tax and state death tax credit are restored, Wisconsin would not have an estate tax that allows it to capture the amount of that credit. As a result, this bill would result in a revenue loss, relative to current federal and state law that re-impose the federal and Wisconsin estate taxes in 2011, equal to the full amount of the estate tax.

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 03-2370/1		<b>Introduction Number</b> SB-355	
<b>Subject</b>			
Eliminate estate tax			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
-\$77 million in FY07, -\$111 million in FY08 and -\$30 million in FY09.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</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>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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