

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-2053/1	Introduction Number AB-322
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Subject
 Claiming the lottery and gaming credit

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input checked="" type="checkbox"/> Decrease Costs
<input checked="" type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input checked="" type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input checked="" type="checkbox"/> Decrease Costs	4. <input checked="" type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(3)(r)	

Agency/Prepared By DOR/ Rebecca Boldt (608) 266-6785	Authorized Signature Dennis Collier (608) 266-5773	Date 2/24/2003
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Fiscal Estimate Narratives

DOR 5/12/2003

LRB Number	03-2053/1	Introduction Number	AB-322	Estimate Type	Original
Subject					
Claiming the lottery and gaming credit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a person who owns a property that is used as their primary residence as of January 1 of each year is eligible for that year's lottery and gaming credit against the taxes on the property. Property owners apply either to the county treasurer through a precertification process prior to receiving the property tax bill or to the municipal treasurer or the department of revenue through a late claim process after the tax bill has been sent. A lottery and gaming credit is valid for five years or until the next precertification cycle. Counties and the City of Milwaukee are required to administer a precertification of lottery and gaming credit claims every five years. Counties and the City of Milwaukee mail an application to all residential properties and process the returned claims. The claim requires that the property owner attest that he or she used the property as one's primary residence as of January 1 of that year. Counties and the City of Milwaukee are reimbursed \$0.70 per claim for the printing, programming and mailing costs associated with the precertification process. The next precertification year is 2004.

Under the bill, property owners would be required to apply only once for the lottery and gaming credit; the claim would be valid as long as the property is eligible for the credit.

As a result, counties and the City of Milwaukee would not administer a precertification of lottery and gaming credit claims every five years. Assuming 1.4 million lottery and gaming credit claimants, the bill would result in a decrease of \$980,000 SEG costs [\$0.70 x 1.4 million] in FY05 and every fifth year thereafter for reimbursement of county and City of Milwaukee administrative costs. Since the administrative reimbursement is lottery funded, the elimination of reimbursement costs will result in greater funds available for the credit. The bill will result in a \$1.00 increase in the statewide average lottery and gaming credit in each precertification year. The 2004/05 statewide average lottery credit would increase from \$72 to \$73 under the bill.

There would be a \$980,000 decrease in county and the City of Milwaukee revenues associated with reimbursement for lottery and gaming administrative costs. To the extent that the costs associated with administering the precertification claims are greater than \$0.70 per claim reimbursed by the state, the bill will result in a modest cost savings for counties and the City of Milwaukee. On the other hand, to the extent that the elimination of the precertification early in the tax year results in a greater number of late claims, the bill will result in increased municipal and department costs associated with late claims. Also, to the extent that the elimination of the precertification requirement results in nonqualifying properties receiving the credit, the bill will result in increased department costs associated with auditing of claims.

Long-Range Fiscal Implications

The purpose of the precertification process is to ensure that the lottery and gaming credit is paid only to property owners eligible for it. Without the process, the credits paid to ineligible property owners may increase over time, reducing the amounts of credits available for eligible property owners.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Claiming the lottery and gaming credit			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
No net fiscal effect: \$980,000 reduction in reimbursement to counties and City of Milwaukee offset by \$980,000 increase in lottery credit (effect recurs every 5 years).			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
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, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$See text of fiscal note.	\$See text of fiscal note.
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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