



## Fiscal Estimate Narratives

DOR 9/20/2005

LRB Number 05-3658/1	Introduction Number AB-668	Estimate Type Original
<b>Subject</b> Veterans and surviving spouses property tax credit		

### Assumptions Used in Arriving at Fiscal Estimate

Under current law as created in the budget bill, 2005 Wisconsin Act 25, a refundable individual income tax credit may be claimed by certain veterans and the unremarried surviving spouses of certain veterans or members of the National Guard or Reserves. The credit is equal to property taxes paid on a principle dwelling. If the principle dwelling is owned by two or more persons, the credit is limited to the property taxes that reflect the claimant's ownership interest.

Under this bill, if a principle dwelling is owned jointly by spouses or as marital property, the full amount of the property tax may be claimed. Approximately 68% of Wisconsin's households own a home, according to the 2000 Census. According to the Wisconsin Department of Veterans Affairs, 72% of veterans are married. According to Veterans Affairs, there are 1,022 veterans who are 100% disabled and over 65 who have served on active duty. This bill would affect about 500 of those veterans ( $1,022 \times 72\% \times 68\%$ ). Under this bill, these veterans would be eligible for the full amount of property taxes paid. Based on DOR data, it is estimated that the 2003 average house value was \$138,300 and the statewide average net tax rate was \$19.74 per \$1,000 of full residential value. Therefore, the average property tax on a principle dwelling was \$2,730 in 2003.

Therefore, the bill would reduce state tax revenues by approximately \$683,000. The number of veterans is multiplied by half of the amount of average property taxes paid ( $500 \times 1/2$  of \$2730).

An estimate of costs associated with this bill is not available due to time constraints, but costs are not expected to be significant.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>05-3658/1</b>		Introduction Number <b>AB-668</b>	
<b>Subject</b>			
Veterans and surviving spouses property tax credit			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<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		\$	\$-683,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-683,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-683,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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