



## Fiscal Estimate Narratives

DOR 10/19/2005

LRB Number	<b>05-3748/1</b>	Introduction Number	<b>SB-347</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Eligibility for the veterans and surviving spouses property tax credit					

### Assumptions Used in Arriving at Fiscal Estimate

This bill expands the eligibility for the refundable individual income tax credit for veterans and surviving spouses that was created in the budget bill, 2005 Wisconsin Act 25. Eligibility for the credit is expanded to ensure that if a principal dwelling is owned jointly by spouses or as marital property, where only one of the spouses is an eligible veteran, the credit may be claimed for the full amount of taxes paid on the principal dwelling.

If a veteran and his or her spouse file separate tax returns, each spouse may claim a percentage of the credit based on his or her ownership interest in the eligible veteran's principal dwelling.

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 x 72% x 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 principal dwelling was \$2,730 in 2003. Under current law, only half of the tax, or \$1,365, could be claimed. Under the bill, the full amount could be claimed.

Therefore, the bill would reduce state tax revenues by approximately \$683,000 (500 x \$1,365).

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

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**Subject**  
 Eligibility for the veterans and surviving spouses property tax credit

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	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		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>

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.)		
	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>

NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-683,000	\$

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