

Fiscal Estimate Narratives

DOR 5/16/2006

LRB Number	05-2496/5	Introduction Number	AB-1213	Estimate Type	Original
Description Creating a nonrefundable individual income tax credit for contributions to candidates for elective public office					

Assumptions Used in Arriving at Fiscal Estimate

This bill allows filers to claim a nonrefundable individual income tax credit for political campaign contributions of up to \$100 for candidates in the state for elective public office. The credit is calculated by multiplying up to \$100 in contributions by the taxpayer's marginal tax rate. Under the bill, both spouses of a married couple may claim the credit. Assuming a marginal tax rate of 5.5%, the maximum credit allowed is \$5.50 for individual contributions and \$11 for joint filers if both spouses make political contributions.

According to the State Elections Board, individuals in Wisconsin gave approximately \$8 million in campaign contributions to individuals who were candidates for elective state offices in 2004.

According to the Federal Elections Commission, individuals in Wisconsin gave approximately \$3.3 million in campaign contributions to individuals who were candidates for the U.S. House of Representatives and \$9 million to individuals who were candidates for the U.S. Senate in the 2003-2004 election cycle.

Assuming total contributions by Wisconsin residents to candidates for state and federal office were approximately \$20 million and assuming an average contribution of \$1,000, this bill would provide a credit to 20,000 contributors (\$20 million divided by \$1,000) and would reduce individual income tax revenues by approximately \$110,000 (20,000 x \$5.50) annually. The fiscal effect would be significantly greater if the average contribution was lower. For example, if the average contribution was \$100, the fiscal effect would be \$1.1 million (\$20 million divided by \$100 x \$5.50).

Data is not available on contributions made by Wisconsin residents to candidates for local offices. Therefore, the actual fiscal effect of this bill is likely to be higher.

The department will incur \$20,400 in annual costs related to data capture, review of claims and printing and postage.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Creating a nonrefundable individual income tax credit for contributions to candidates for elective public office			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$20,400		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$20,400		\$
B. State Costs by Source of Funds			
GPR	20,400		
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	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$20,400		\$
NET CHANGE IN REVENUE	\$See text of fiscal note		\$
Agency/Prepared By		Authorized Signature	Date
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