

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-0911/1</b>	<b>Introduction Number</b> <b>AB-19</b>	
<b>Subject</b> Modify definition of "income" under the homestead tax credit		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(2)(c)		
<b>Agency/Prepared By</b> DOR/ Joshua Dukelow (608) 266-5516	<b>Authorized Signature</b> Rebecca Boldt (608) 266-6785	<b>Date</b> 2/2/2005

## Fiscal Estimate Narratives

DOR 2/2/2005

LRB Number	<b>05-0911/1</b>	Introduction Number	<b>AB-19</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Modify definition of "income" under the homestead tax credit					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the definition of "household income" for purposes of the Homestead Tax Credit includes Wisconsin adjusted gross income (WAGI) as well as some items that are not otherwise includable in WAGI. Examples are depreciation, capital gains, cash public assistance, certain pension benefits, nontaxable interest received from the federal government, nontaxable interest received on state or municipal bonds, and gains on the sale of a personal residence.

This bill would modify the definition of "household income" under the Homestead Tax Credit such that interest income received from the installment sale of certain real property that includes a claimant's former homestead may be subtracted from income in determining the claimant's homestead credit. The interest income is deductible up to the amount of interest paid by the claimant on a mortgage to purchase another homestead.

The proposed change may increase the number of filers eligible to receive the credit. The number of filers receiving interest income from installment sales of real property and the amount of this interest is not known, but both are expected to be small. The proposed change would also reduce the household income of some current claimants, increasing the value of the credit they will receive. Thus, the proposed bill would increase existing appropriations by an unknown amount. The fiscal effect on existing claims is expected to be small. The department would face increased processing costs to handle any new claims, but such costs could be absorbed into existing agency budgets.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 05-0911/1		<b>Introduction Number</b> AB-19	
<b>Subject</b>			
Modify definition of "income" under the homestead tax credit			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
See text of fiscal note.			
<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, ets.)</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>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See text of fiscal note	\$
<b>Agency/Prepared By</b>			
DOR/ Joshua Dukelow (608) 266-5516		<b>Authorized Signature</b>	
		Rebecca Boldt (608) 266-6785	
			<b>Date</b>
			2/2/2005