

Fiscal Estimate Narratives

DOR 3/30/2005

LRB Number	05-1386/3	Introduction Number	AB-242	Estimate Type	Original
Subject					
Property tax exemption for property owned by a disabled veteran					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, real property not used for pecuniary profit would be exempt if it is owned by a veteran who receives at least 60% disability compensation from the U.S. Department of Veterans Affairs due to a service-connected disability or by the veteran's unmarried surviving spouse.

According to the U.S. Department of Veterans Affairs, in 2004 there were 10,988 veterans in Wisconsin receiving at least 60% disability compensation. According to the 2003 U.S. Census Housing Survey, the homeownership rate in Wisconsin is 73%. Assuming the same percentage of disabled veterans own homes as Wisconsin residents in general, 8,021 (73% x 10,988) residential parcels would be eligible for exemption under the bill.

According to the U.S. Census, the median house value was \$112,200 in Wisconsin in 2003. Based on these data, about \$900 million ($\$112,200 \times 8,021$) in residential property would become exempt under the bill. At the 2003 average state property tax rate of \$20.01 per \$1,000 of property value, the bill would shift \$18.0 million in property taxes ($\$900 \text{ million} \times 0.02001$) from property owned by disabled veterans to other taxpayers.

Data is not available to estimate the property tax shift due to property owned by surviving unmarried spouses of veterans.

Department costs due to revisions to the Wisconsin Property Assessment Manual would increase under the bill. The costs would be absorbed.

State forestry tax collections would decrease by \$180,000 ($\$900 \text{ million} \times 0.0002$) under the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
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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		\$	
(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, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-180,000
TOTAL State Revenues		\$	\$-180,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-180,000	\$
Agency/Prepared By		Authorized Signature	Date
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