

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-2610/1</b>	<b>Introduction Number</b> <b>AB-347</b>
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**Subject**  
 Property tax credit for disabled veterans

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
 Increase Existing Appropriations     
  Increase Existing Revenues     
  Increase Costs - May be possible to absorb within agency's budget  
 Decrease Existing Appropriations     
  Decrease Existing Revenues     
   
  Yes    
  No  
 Create New Appropriations     
   
  Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Milda Aksamitauskas (608) 261-5173	<b>Authorized Signature</b> Rebecca Boldt (608) 266-6785	<b>Date</b> 5/9/2005
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**Fiscal Estimate Narratives**  
**DOR 5/9/2005**

LRB Number	<b>05-2610/1</b>	Introduction Number	<b>AB-347</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Property tax credit for disabled veterans					

**Assumptions Used in Arriving at Fiscal Estimate**

The bill would provide a property tax credit for the total amount of property taxes levied on any real property owned by a disabled veteran or by the unmarried surviving spouse of a disabled veteran if the property is not used for pecuniary profit. The property tax credit would be directly applied to the claimant's property tax bill.

For taxes levied in 2005, the credit may be claimed by a disabled veteran who receives at least 80% disability compensation or the unmarried surviving spouse of a disabled veteran.

For taxes levied in 2006, the credit may be claimed by a disabled veteran who receives at least 70% disability compensation or the unmarried surviving spouse of a disabled veteran.

For taxes levied in 2007 and thereafter, the credit may be claimed by a disabled veteran who receives at least 60% disability compensation or the unmarried surviving spouse of a disabled veteran.

Under the bill, the Department of Revenue would be required to prescribe the credit application form and audit a portion of the credit claims.

According to the Wisconsin Department of Veterans Affairs, there are 6,400 disabled veterans receiving at least 80% disability compensation, 8,600 receiving at least 70% disability compensation, and 11,300 receiving at least 60% disability compensation. According to the 2000 U.S. Census, the homeownership rate in Wisconsin is 68%. Assuming the same percentage of disabled veterans own homes as Wisconsin residents in general, the number of property owners eligible for the disabled veterans credit is assumed to be approximately 4,400 (6,400 x 68%) in 2005, 5,800 (8,600 x 68%) in 2006 and 7,700 (11,300 x 68%) in 2007 and thereafter. Based on Department of Revenue data, it is estimated that the 2005 statewide average residential value is \$158,000. Assuming a 2005/06 tax rate of \$19.25 per \$1,000 of full value, the average 2005 property tax on a house is estimated to be approximately \$3,000, and the credit would amount to \$13.2 million (4,400 x \$3,000) in FY06. Assuming the average value of residential property increases 7% annually, and assuming a tax rate of \$18.75 per \$1,000 of full value in 2006/07 and 2007/08, the credit amount is estimated to be \$18.4 million [5,800 x 158,000 x 1.07 x .01875] in FY07 and \$26.1 million [7,700 x 158,000 x 1.15 x .01875] in FY08 and thereafter. To the extent that qualifying veterans own other real property that would be eligible for the credit, the fiscal effect would be higher.

Data is not available to estimate the property tax credit claimed by surviving unmarried spouses of veterans.

The bill would result in increased costs to municipalities and counties due to required programming, information collection, and taxpayer assistance.

The Department will incur annual processing and audit costs of \$76,600 and one time cost of \$38,300.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 05-2610/1		<b>Introduction Number</b> AB-347	
<b>Subject</b>			
Property tax credit for disabled veterans			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
Credit expenditures of \$13.2 million in FY06 and \$18.4 million in FY07. One time administrative costs of \$36,300.			
<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		\$76,600	
(FTE Position Changes)		(1.5 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations		26,100,000	
<b>TOTAL State Costs by Category</b>		<b>\$26,176,600</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		26,176,600	
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		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$\$26,176,600(FY08)	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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