

Fiscal Estimate Narratives
DOR 3/11/2005

LRB Number 05-1344/1	Introduction Number SB-92	Estimate Type Original
Subject Expand eligibility for the homestead tax credit		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, an individual who lives in housing subject to property tax for part of the year may claim the homestead tax credit for property taxes paid only in the months in which the individual resides in the taxed housing. An individual is also eligible for the homestead tax credit if he or she lived in tax-exempt housing that makes payments in lieu of taxes to the municipality in which it is located. Individuals who receive medical assistance (Medicare or Medicaid) are not eligible for the homestead credit. This bill would allow individuals age 65 and older to claim the homestead tax credit for the entire year during which the individual resides in tax-exempt housing, whether it be for part or all of the year.

Because the language of the bill is broad and inclusive, requiring only that the facility be "exempt from taxation under ch. 70," the number of facilities that will qualify could be very large. No comprehensive list of such facilities is maintained, either by public agencies or private groups, so the number of newly eligible claimants cannot be precisely known. It is assumed that the bill will primarily affect residents of non-profit independent- and assisted-living facilities. To the extent that these residents receive medical assistance payments, or have income levels that would disqualify them for the credit, only a small portion of these residents will be claiming the credit. It is further assumed that elderly residents of tax-exempt public housing are currently eligible to claim the homestead tax credit because most housing authorities make payments in lieu of taxes.

Based on information from the Wisconsin Association of Homes and Services for the Aging and the Department of Health and Family Services, an estimated 9,000 elderly residents will become eligible under this bill. Applying the general participation rate of 43% to this number, 4,000 new claims will be generated with a fiscal effect of \$1.9 million in increased GPR expenditure (4,000 x \$483 average elderly credit), plus \$5,400 in one-time programming costs and \$6,900 in annual processing costs. This would represent an increase of 6.4% in elderly filers, and 1.7% in filers overall.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-1344/1		Introduction Number SB-92	
Subject			
Expand eligibility for the homestead tax credit			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Programming costs totalling \$5,400.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$6,900	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$6,900	\$
B. State Costs by Source of Funds			
	GPR	6,900	
	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	\$	\$-1,900,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-1,900,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$6,900	\$
	NET CHANGE IN REVENUE	\$-1,900,000	\$
Agency/Prepared By			
DOR/ Joshua Dukelow (608) 266-5516		Authorized Signature	
		Rebecca Boldt (608) 266-6785	
		Date	
		3/11/2005	