## Fiscal Estimate - 2007 Session

Original Dpdated	Corrected S	Supplemental							
LRB Number <b>07-1117/1</b>	Introduction Number SB-	-083							
Description Relating to: exempting from taxation unemployment compensation benefits									
Fiscal Effect									
Appropriations Rev Decrease Existing Decrease Existing Rev Appropriations Rev Create New Appropriations  Local: No Local Government Costs Indeterminate 1. Increase Costs 3. Increase Costs 4. Decrease Costs 4. Decrease Costs	crease Revenue	gency's budget							
Permissive Mandatory Perm	missive Mandatory Districts	Districts							
Fund Sources Affected Affected Ch. 20 Appropriations  GPR FED PRO PRS SEG SEGS									
Agency/Prepared By	Authorized Signature	Date							
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## Fiscal Estimate Narratives DOR 3/19/2007

LRB Number	07-1117/1	Introduction Number	SB-083	Estimate Type	Original		
Description							
Relating to: exempting from taxation unemployment compensation benefits							

## **Assumptions Used in Arriving at Fiscal Estimate**

Under current Wisconsin law, there is a partial exemption from taxation for unemployment compensation when income falls below certain amounts. According to the Summary of Tax Exemption Devices, the fiscal year 2006 revenue loss due to the current partial exemption was \$3.0 million.

This bill provides an individual income tax exemption for all unemployment compensation. If the bill is enacted by July 31, 2007, the bill would first take effect for tax year 2007; later passage would mean that the bill would first apply to tax year 2008.

Based on a simulation using the 2005 Individual Income Tax Model, the exemption is estimated to reduce revenue by \$43.7 million in fiscal year 2008. The revenue loss would, however, fluctuate with the unemployment rate.

**Long-Range Fiscal Implications** 

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

	Original		Updated		Corrected		Suppleme	ental
LRB	Number	07-1117	/1	Intro	duction N	lumbe	r <b>SB-083</b>	
<b>Descri</b> Relatin		ing from taxa	tion unemplo	oyment comp	ensation ber	nefits		
	time Costs lized fiscal e		Impacts for	State and/or	Local Gove	ernment	(do not include	e in
II. Ann	II. Annualized Costs:  Annualized Fiscal Impact on fu			mpact on fund	s from:			
					Increased C	osts	Decrease	d Costs
<del></del>	te Costs by							
<del></del>		- Salaries an	d Fringes			\$		\$
<del></del>	Position Ch							
<del> </del>		- Other Costs	S					
Loca	I Assistance							
Aids	to Individual	s or Organiza	itions					
TC	OTAL State	Costs by Cat	tegory			\$		\$
		Source of Fu	ınds					
GPR								
FED								
PRO	/PRS							
SEG	/SEG-S						-	
III. Stat revenu	te Revenues les (e.g., tax	s - Complete increase, de	this only wi ecrease in li	nen proposa cense fee, e	l will increa ts.)	se or de	crease state	
					Increased	Rev	Decreas	ed Rev
<u> </u>	Taxes					\$	\$-43,7	00,000
GPR	Earned							
FED								
	/PRS							
	/SEG-S							
TC	OTAL State I	Revenues				\$	\$-43,7	00,000
		١	NET ANNUA	LIZED FISC	AL IMPACT			
					S	tate		Local
	HANGE IN C	···				\$		\$
NET CH	HANGE IN R	EVENUE			\$-43,700,	000		\$
Agenc	//Prenared 5	Rv		Authorized	Sianatura		ln	
Agency/Prepared By Au		AUU1011260 (	Signature		Date	<b>U</b>		
DOR/ Bradley Caruth (608) 261-8984 Pa			Paul Ziegler	(608) 266-57	773	3/19	9/2007	