

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-3673/1	Introduction Number AB-0920
Description indexing for inflation household income under the homestead tax credit.	
Fiscal Effect	
State:	
<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	
Local:	
<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	
Fund Sources Affected	
<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 20.835(2)(c)	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DOR/ Bradley Caruth (608) 261-8984	Paul Ziegler (608) 266-5773
	Date
	3/25/2008

Fiscal Estimate Narratives

DOR 3/25/2008

LRB Number	07-3673/1	Introduction Number	AB-0920	Estimate Type	Original
Description indexing for inflation household income under the homestead tax credit.					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a refundable homestead tax credit is available to qualifying low-income households to mitigate the impact of real estate taxes. The amount of the credit is determined by a claimant's household income and property tax (or rent equivalent). The maximum credit is \$1,160 for those with household income of no more than \$8,000 and property tax of \$1,450. The amount of the credit is phased out for incomes above \$8,000 and no credit is allowed for persons with household income above \$24,500.

Beginning in tax year 2008, this bill indexes the household income limit for inflation using the U.S. consumer price index. The department of revenue is required to adjust the phase out rate of the credit in accordance with increases in the household income limit.

Using the 2005 Individual Income Tax Model, adjusted for 2008 income levels and law, the bill is expected to increase the allowable homestead credit by \$2.6 million in fiscal year 2009. Since the bill indexes income values, the fiscal effect will increase annually. The bill is estimated to increase the allowable homestead credit by \$5.5 million in fiscal year 2010.

DOR's administrative costs under the bill are estimated at \$4,800 annually. Depending on responsibilities assigned by other legislation or budgetary changes, DOR may require additional resources to conduct the administrative duties required by the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description indexing for inflation household income under the homestead tax credit.			
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, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$SeeText	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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