

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-1617/1</b>	<b>Introduction Number</b> <b>SB-101</b>
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**Description**  
 Expanding eligibility for the veterans and surviving spouses property 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"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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
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<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 20.835(2)(em)	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984	Rebecca Boldt (608) 266-6785	4/5/2007

**Fiscal Estimate Narratives**  
**DOR 4/5/2007**

LRB Number <b>07-1617/1</b>	Introduction Number <b>SB-101</b>	Estimate Type <b>Original</b>
<b>Description</b> Expanding eligibility for the veterans and surviving spouses property tax credit		

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, eligible veterans and surviving spouses may claim a refundable credit in the amount of the property taxes paid during the year on their principal dwellings in Wisconsin. To be eligible for the credit, veterans must meet several criteria, including being at least 65 years of age and verified by the Wisconsin Department of Veterans Affairs as having served in the U.S. armed forces, having been a Wisconsin resident at the time of entry into service, currently being a Wisconsin resident for the purpose of veterans' benefits, and having a service-connected disability (SCD) rating of 100%. An eligible surviving spouse must be an un-remarried surviving spouse of an individual who was a Wisconsin resident at the time of entry into service, was a Wisconsin resident at the time of death and died while on active duty or would be otherwise considered an eligible veteran at the time of death. Claimants of the credit may not claim the school property tax credit, the homestead credit, the farmland tax relief credit, or the farmland preservation credit.

This bill eliminates the age requirement for credit claimants. The bill also extends eligibility to claimants if the veteran has been a resident of Wisconsin for any consecutive 10-year period after entry into the U.S. armed forces.

Based on information from the Department of Veterans Affairs, there are approximately 1,022 Wisconsin veterans over the age of 65 with a SCD rating of 100%. The homeownership rate of veterans over the age of 65 is approximately 87% according to the 2001 National Survey of Veterans. This indicates that approximately 888 veterans would be eligible for the current credit. Including estimates of eligible unremarried surviving spouses of veterans who were either killed in action or died with a SCD rating of 100%, the estimated eligible population for the current credit is 1,521.

According to Department of Revenue data, 301 individuals claimed the veterans and surviving spouses property tax credit for tax year 2005. If the estimated eligible population is correct, the number of claimants indicates a 20% participation rate. It is likely that the true participation rate is substantially below 100%, and also that the homeownership rate has been overstated. It may be the case that disabled veterans are less likely to own a home than the National Survey of Veterans indicates.

According to the Department of Veterans Affairs, there are approximately 3,080 veterans under the age of 65 receiving compensation at a 100% SCD rating. The homeownership rate of veterans under the age of 65 is approximately 73% according to the 2001 National Survey of Veterans. This indicates that approximately 2,243 veterans would become eligible for the credit under this bill. Including estimates of eligible unremarried surviving spouses of veterans, the estimated newly eligible population for the credit is 2,702.

The average credit claimed in tax year 2005 was \$2,878. Assuming these taxpayers would have otherwise claimed the school property tax credit, the net cost of the credit averaged \$2,578. Applying this average cost to the newly eligible population results in an estimated total cost of the bill of approximately \$6,970,000 annually. If the participation rate remains at 20% the total cost will instead be approximately \$1,390,000. To the extent that some new claimants would no longer claim the homestead, farmland tax relief or farmland preservation credits, the fiscal estimate would be lower.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
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<b>LRB Number</b> 07-1617/1		<b>Introduction Number</b> SB-101	
<b>Description</b> Expanding eligibility for the veterans and surviving spouses property tax credit			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<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		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
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		\$See Text of fiscal note.	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785	4/5/2007