



## Fiscal Estimate Narratives

DOR 5/11/2010

LRB Number	09-3676/2	Introduction Number	AB-0967	Estimate Type	Original
<b>Description</b> Expanding and increasing the tax exemption for retirement income received by an individual					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, pensions received by persons who were members of or retired from Milwaukee City and county retirement funds, the state teachers' retirement fund, and the civil service retirement system prior to January 1, 1964 are exempt from Wisconsin income tax. In addition, veterans' pensions are exempt from Wisconsin income tax.

Also under current law, beginning in tax year 2009 up to \$5,000 of payments or distributions from a qualified retirement plan or individual retirement account (IRA) is exempt from taxation if the claimant is at least 65 years of age and the claimant has federal adjusted gross income of less than \$15,000 in the year to which the claim relates (\$30,000 for married joint filers).

Beginning in tax year 2011, this bill would eliminate the current exemption for up to \$5,000 of retirement income. It would also create a new exemption for all qualified retirement plan and IRA income without restrictions on the age or income level of the claimants.

Using the 2007 Individual Income Tax Model, inflated for income levels and law, the new exemption would reduce revenue by approximately \$168 million in fiscal year 2011 and \$529 million annually beginning in fiscal year 2012.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>09-3676/2</b>		Introduction Number <b>AB-0967</b>	
<b>Description</b> Expanding and increasing the tax exemption for retirement income received by an individual			
<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	\$		\$-529,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$-529,000,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-529,000,000		\$
<b>Agency/Prepared By</b>			
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<b>Date</b>			5/11/2010