

Fiscal Estimate Narratives

DOR 9/8/2011

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|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 11-0977/1 | Introduction Number | SB-171 | Estimate Type | Original |
| Description Exempting from income taxation certain employer-paid fringe benefits for mass transit expenses. | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill creates an individual income tax exemption for the cost of a public transportation pass provided by an employer to an employee, or for the money paid by an employer to an employee to purchase such a pass. The maximum exemption is set at \$230 per month. The bill first applies to taxable years beginning on January 1, 2012.

Under federal law a similar exemption currently exists for up to \$230 per month. The federal exemption is set to revert to a maximum of \$120 per month beginning on January 1, 2012. It has been extended on an annual basis in the past. Wisconsin follows the federal exemption, but currently limits the amount to \$120 per month. As a result, this bill effectively increases the state exemption to \$230 per month regardless of whether the federal exemption remains at the \$230 per month level.

The fiscal effect of this bill can be determined based on estimates of the cost of extending the current federal law. The revenue loss of increasing the current \$120 per month exemption to \$230 per month is approximately \$1.2 million annually beginning in fiscal year 2013.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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|--|---------------|--|-----------------|
| LRB Number 11-0977/1 | | Introduction Number SB-171 | |
| Description Exempting from income taxation certain employer-paid fringe benefits for mass transit expenses. | | | |
| 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 | \$ | \$-1,200,000 | |
| GPR Earned | | | |
| FED | | | |
| PRO/PRS | | | |
| SEG/SEG-S | | | |
| TOTAL State Revenues | \$ | \$-1,200,000 | |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | <u>State</u> | <u>Local</u> | |
| NET CHANGE IN COSTS | \$ | \$ | |
| NET CHANGE IN REVENUE | \$-1,200,000 | \$ | |
| Agency/Prepared By | | Authorized Signature | Date |
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