

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-3631/1	Introduction Number SB-369				
Description An income and franchise tax credit for hiring unemployed disabled veterans					
Fiscal Effect					
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 35%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>					
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> 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 </div> <div style="width: 30%;"> 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 </div> <div style="width: 35%;"> 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 <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>					
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Fund Sources Affected</td> <td style="width: 50%; border: none;">Affected Ch. 20 Appropriations</td> </tr> <tr> <td style="border: none;"> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </td> <td style="border: none;"></td> </tr> </table>		Fund Sources Affected	Affected Ch. 20 Appropriations	<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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Agency/Prepared By DOR/ Michael Oakleaf (608) 261-5173	Authorized Signature John Koskinen (608) 267-8973				
Date 1/12/2012					

Fiscal Estimate Narratives

DOR 1/12/2012

LRB Number	11-3631/1	Introduction Number	SB-369	Estimate Type	Original
Description An income and franchise tax credit for hiring unemployed disabled veterans					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable income and franchise tax credit for hiring unemployed disabled veterans. The credit is equal to:

- \$4,000 for the year in which a disabled veteran is hired full-time and \$2,000 for each of the next 3 years.
- \$2,000 for the year in which a disabled veteran is hired part-time and \$1,000 for each of the next 3 years.

For veterans that are hired part-time, the credit is calculated by dividing the number of hours the veteran worked for the claimant in the taxable year by 2,080, and then multiplying the full credit amount shown above by the percentage determined in the first step.

In order to be eligible for the credit, the veteran must have been eligible for and receiving unemployment benefits for at least one week prior to being hired by the claimant. In addition, the credit cannot be claimed in any taxable year in which the veteran voluntarily or involuntarily leaves employment with the claimant.

Unused credits may be carried over and offset against tax for up to 15 years.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their payment of amounts. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

Fiscal Estimate

The following assumptions were used to estimate the fiscal impact of the bill based on data from the US Department of Veterans Affairs and the WI Department of Workforce Development: 1) there are 238,397 working-age veterans in Wisconsin; 2) the unemployment rate of veterans is estimated to be 14%; 3) the share of Wisconsin working-age veterans who are 50% disabled is 6.2%; 4) 25% of disabled veterans are hired each year, 75% of which for full-time work and 25% for part-time employment; and 5) veterans hired part-time will work on average 40% of full-time. Under these assumptions, the bill will result in an estimated revenue loss of the following amounts:

FY 2012: \$300,000
FY 2013: \$1.3 million
FY 2014: \$2.0 million
FY 2015: \$2.4 million
FY 2016: \$2.8 million
FY 2017: \$2.9 million

The fiscal effect could be higher (lower) in a year if more (fewer) veterans are hired.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description An income and franchise tax credit for hiring unemployed disabled veterans			
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, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$See Text	\$	
Agency/Prepared By			
DOR/ Michael Oakleaf (608) 261-5173		Authorized Signature	
		John Koskinen (608) 267-8973	
Date			
1/12/2012			