

Fiscal Estimate Narratives

DOR 2/5/2018

LRB Number	17-4152/1	Introduction Number	AB-0895	Estimate Type	Original
Description adopting a provision of federal law concerning an individual's reporting of rollover payments received from certain airlines					

Assumptions Used in Arriving at Fiscal Estimate

Under federal law, qualified airline employees who received airline payment amounts under bankruptcy claims were allowed to contribute the amounts to traditional IRAs as rollover contributions. Public Law 113-243 specifically allowed this for airline bankruptcy cases filed on November 29, 2011. Payments made from that bankruptcy case may affect taxable years 2012 and later. The employees could exclude the IRA contributions from gross income in the tax year in which the payments were made. Wisconsin does not conform to the Internal Revenue Code with respect to this provision, so individuals were not allowed to rollover contributions for state purposes and the amounts were required to be included in gross income for state purposes.

This bill adopts the federal law for state purposes beginning in tax year 2014. Because the bill applies retroactively to tax year 2014, individuals who received payments in 2014 and after will be allowed to file amended state tax returns in order to exclude the amount of the IRA rollovers from income. The bill is expected to result in a minimal revenue loss as a result of these amended returns. If the bill was effective beginning in tax year 2012 and provided an exception to the current law statute of limitations on filing amended returns, it could reduce revenue by as much as \$300,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description adopting a provision of federal law concerning an individual's reporting of rollover payments received from certain airlines		
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By		
Authorized Signature		Date
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