

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5809/1	Introduction Number AB-1020
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Description
 income tax deduction for flood insurance premiums

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues
 Yes No
 Create New Appropriations
 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. Increase Costs 3. Increase Revenue
 Permissive Mandatory
 Permissive Mandatory
 2. Decrease Costs 4. Decrease Revenue
 Permissive Mandatory
 Permissive Mandatory

5. Types of Local Government Units Affected

Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173	3/30/2020

Fiscal Estimate Narratives
DOR 3/30/2020

LRB Number 19-5809/1	Introduction Number AB-1020	Estimate Type Original
Description income tax deduction for flood insurance premiums		

Assumptions Used in Arriving at Fiscal Estimate

This bill allows an individual, when computing state income tax liability, to deduct the premiums paid for flood insurance coverage on his or her owner-occupied primary residence. The insurance must be purchased under the National Flood Insurance Program or as private flood insurance that meets the qualifications under that program.

FEMA data on the National Flood Insurance Program shows that in 2019 there were 13,264 Wisconsin policies covering \$2.7 billion in property and with premiums of \$12.6 million. Applying a marginal tax rate for property owners of 5.8% suggests that a \$12.6 million aggregate deduction would reduce revenue by \$730,000.

Qualifying private flood insurance premiums increase the total deduction by about 5%. However, excluding business and other non-residential property decreases the total deduction by about 5%. As such, the deduction is expected to reduce general purpose revenue by about \$730,000 annually, beginning in fiscal year 2021.

Costs to administer this bill are minimal and can be absorbed by the Department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description income tax deduction for flood insurance premiums			
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	\$		\$-730,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-730,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-730,000		\$
Agency/Prepared By		Authorized Signature	
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		Date	
		3/30/2020	