

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-2260/1	Introduction Number AB-0088	
Description reducing the eligibility threshold to claim the veterans and surviving spouses property tax credit		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 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 <input type="checkbox"/> School Districts <input type="checkbox"/> 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 20.835(2)(em)		
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Jamie Adams (608) 266-6785	Date 3/26/2019

Fiscal Estimate Narratives

DOR 3/26/2019

LRB Number	19-2260/1	Introduction Number	AB-0088	Estimate Type	Original
Description reducing the eligibility threshold to claim the veterans and surviving spouses property tax credit					

Assumptions Used in Arriving at Fiscal Estimate

This bill reduces the eligibility threshold for an eligible veteran, the spouse of an eligible veteran, and the unremarried surviving spouse of an eligible veteran to claim the veterans and surviving spouses property tax credit under the individual income tax system. Under the bill, a claimant may claim the credit if the claimant's service-connected disability rating is at least 70%. Currently, that rating must be 100% (or treated as 100% based on individual unemployability, or IU).

Under the bill, the maximum credit that a claimant may claim is multiplied by the percentage of the claimant's service-connected disability rating. The bill does not affect a claimant who claims the credit based on IU.

The Department of Veterans Affairs National Center for Veterans Analysis and Statistics reports that 7,665 veterans in Wisconsin had a 100% disability rating in 2017, and 14,235 more veterans had a rating in the 70% to 90% range. Using a report from the US Government Accountability Office, DOR estimates that about 6,111 veterans with disability ratings from 60% to 90% are eligible for the veterans and surviving spouses property tax credit based on IU. Allocating those veterans with IU status by disability rating suggests that 1,673 veterans with a 60% rating have IU status and 4,438 veterans with a 70% to 90% rating have IU status. Thus about 13,776 veterans are eligible for the credit under current law based on their 100% disability rating or IU (7,665 + 6,111). This bill extends the credit eligibility to about 9,797 veterans who do not have IU status, but do have ratings of 70% to 90% (14,235 - 4,438).

The veterans and surviving spouses property tax credit has additional residency and property tax liability requirements, but also extends eligibility to surviving spouses of qualified veterans, and surviving spouses receiving dependency and indemnity compensation. In 2017 there were about 7,597 credit claims from veterans, 1,820 from surviving spouses of qualified veterans, and 619 from surviving spouses receiving dependency and indemnity compensation. Supposing the same percentage of newly eligible veterans claim the credit under this bill, that suggests the bill will add about 5,403 new veteran claimants and about 1,294 new surviving spouses claims (dependency and indemnity compensation is unaffected).

The average credit claimant received \$2,994 in 2017. Assuming similar amounts for newly eligible claimants, the bill would increase credit claims by approximately \$16.0 million. Because veterans and surviving spouses property tax credit claimants cannot also claim the school property tax credit, the homestead credit, or the farmland preservation credit, the bill will also reduce those claims by about \$2.0 million. The net fiscal effect of the bill is approximately \$14.0 million annually beginning in fiscal year 2020.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description reducing the eligibility threshold to claim the veterans and surviving spouses property tax credit			
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	16,000,000		
TOTAL State Costs by Category	\$16,000,000		\$
B. State Costs by Source of Funds			
GPR	16,000,000		
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	\$2,000,000		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$2,000,000		\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$16,000,000		\$
NET CHANGE IN REVENUE	\$2,000,000		\$
Agency/Prepared By		Authorized Signature	Date
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