Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2019 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **19-0739/1**	Introduction Number **SB-116**

Description
reducing the eligibility threshold to claim the veterans and surviving spouses property tax credit

Fiscal Effect

State:

☐ No State Fiscal Effect
☐ Indeterminate

☒ Increase Existing Appropriations
☐ Decrease Existing Appropriations
☐ Create New Appropriations

☒ Increase Existing Revenues
☐ Decrease Existing Revenues

☒ Increase Costs - May be possible to absorb within agency's budget
☒ Yes ☐ No
☐ Decrease Costs

Local:

☒ No Local Government Costs
☐ Indeterminate

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

20.835(2)(em)

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Jamie Adams (608) 266-6785	3/26/2019

Fiscal Estimate Narratives

DOR 3/26/2019

LRB Number **19-0739/1**	Introduction Number **SB-116**	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

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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

	State	Local
NET CHANGE IN COSTS	$16,000,000	$
NET CHANGE IN REVENUE	$2,000,000	$

Agency/Prepared By	**Authorized Signature**	**Date**
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