

### Fiscal Estimate - 2021 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>21-5038/1</b>	<b>Introduction Number</b> <b>AB-0802</b>	
<b>Description</b> allowing renters to claim the veterans and surviving spouses property tax credit		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input 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 <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <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)		
<b>Agency/Prepared By</b> DOR/ Bradley Caruth (608) 261-8984	<b>Authorized Signature</b> Michael Oakleaf (608) 261-5173	<b>Date</b> 1/6/2022

## Fiscal Estimate Narratives

DOR 1/6/2022

LRB Number	<b>21-5038/1</b>	Introduction Number	<b>AB-0802</b>	Estimate Type	<b>Original</b>
<b>Description</b> allowing renters to claim the veterans and surviving spouses property tax credit					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, an eligible veteran or surviving spouse may claim a refundable income tax credit equal to the amount of property taxes the claimant paid during the year on his or her principal dwelling in Wisconsin. Current law does not expressly address the treatment of renters. The Department of Revenue allows an eligible veteran or surviving spouse who is a renter to claim the credit if the claimant is required to pay the property taxes under the rental agreement or other written agreement with the landlord and pays the property taxes directly to the municipality.

Under this bill, an eligible veteran or surviving spouse may claim the credit in an amount equal to his or her rent constituting property taxes. The bill defines "rent constituting property taxes" to mean a specified percentage of the rent paid by the claimant during the year for the use of a principal dwelling as housing. The specified percentage is 20% if heat is included in the rent and 25% if heat is not included.

Individuals who are not eligible to claim the veterans and surviving spouses property tax credit (VPTC) are generally eligible to claim the school property tax credit (SPTC) instead. The SPTC is equal to 12% of property taxes or rent constituting property taxes (capped at \$300). Based on the relative distribution of property tax claims compared to rent related claims in the SPTC, adjusted to reflect the age distribution of current VPTC claimants, allowing rent related claims would increase the total VPTC by about 12.1%.

2021 Wisconsin Act 58 budgeted approximately \$42 million for the VPTC in fiscal year 2023. If the bill increases credit claims by approximately 12.1%, it will increase the appropriation by about \$5.1 million annually beginning in that year.

The Department anticipates incurring \$37,170 in one-time costs and \$84,990 in ongoing costs to administer the credit changes in this bill. One-time costs are associated with updating publications, claim processing procedures, and training staff. Ongoing costs are associated with additional staff required to process and verify claims. The department cannot absorb these costs.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> <b>21-5038/1</b>	<b>Introduction Number</b> <b>AB-0802</b>	
<b>Description</b> allowing renters to claim the veterans and surviving spouses property tax credit		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
The Department anticipates incurring \$37,170 in one-time costs to administer the credit changes in this bill.		
<b>II. Annualized Costs:</b>		
<b>Annualized Fiscal Impact on funds from:</b>		
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$84,990	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations	5,100,000	
<b>TOTAL State Costs by Category</b>	<b>\$5,184,990</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	5,184,990	
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$5,184,990	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984		Michael Oakleaf (608) 261-5173
		1/6/2022