

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-6007/1	Introduction Number AB-0964
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Description
 increasing the school property tax credit due to virtual instruction during the 2021-22 school year

Fiscal Effect

State:

- | | | |
|--|--|---|
| <input type="checkbox"/> No State Fiscal Effect
<input checked="" type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|--|--|---|

Local:

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> No Local Government Costs
<input type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue <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**

GPR FED PRO PRS SEG SEGS

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Ann DeGarmo (608) 266-7179	Date 2/16/2022
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Fiscal Estimate Narratives

DOR 2/16/2022

LRB Number	21-6007/1	Introduction Number	AB-0964	Estimate Type	Original
Description increasing the school property tax credit due to virtual instruction during the 2021-22 school year					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the school property tax credit is an individual income tax credit equal to 12% of the first \$2,500 of property taxes or rent constituting property taxes paid on a person's primary residence and contiguous land, up to a maximum credit of \$300. For renters, "rent constituting property taxes" means 25% of rent if heat is not included or 20% of rent if heat is included in rent.

This bill increases the school property tax credit for residents of school districts that are closed to in-person instruction for more than 10 days of instruction during the second half of the 2021-22 school year. For taxable year 2022, the credit is increased by an amount equal to the claimant's property taxes or rent constituting property taxes attributable to the period from January 1, 2022, to July 1, 2022, multiplied by the ratio of days during the period that public schools in the school district in which the claimant resides were closed to in-person instruction to the total days of instruction. The maximum increase in the credit is limited to 10 percent of the claimant's property taxes or rent constituting property taxes attributable to the period from January 1, 2022, to July 1, 2022, which is increased to 25 percent if the claimant's dependent attends school in the school district. The bill's provision allowing an increased credit does not apply if the claimant's adjusted gross income exceeds \$80,000, or \$150,000 in the case of a married couple filing a joint return.

Under the bill, school districts must disclose to the Department of Revenue the information about school days needed to calculate the increased credit, and DOR must publicly disclose that information on its Internet site.

According to the State of Wisconsin Summary of Tax Exemption Devices Report for 2021-23, DOR estimates that the annual tax expenditure for the school property tax credit was \$436 million in fiscal year 2020. DOR is not aware of any school districts that meet the 10 day threshold described in the bill, for days of instruction in which schools are closed to in-person instruction.

If a household with \$5,000 of property tax qualifies for the 10 percent amount under this bill, it would increase their school property tax credit from \$300 to \$550. The current credit is calculated as 12 percent of property tax up to a maximum of \$300. The additional credit under the bill is calculated as 10 percent of the property tax attributable to the first half of the year, or approximately \$250. As an upper bound, if current law credit claimants in a given school district qualified for the maximum increase under the bill, it would increase the credit in that district by approximately 66% in fiscal year 2023.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description increasing the school property tax credit due to virtual instruction during the 2021-22 school year		
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	\$	\$
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		
DOR/ Bradley Caruth (608) 261-8984	Ann DeGarmo (608) 266-7179	2/16/2022