

Fiscal Estimate - 2021 Session

Original Updated Corrected Supplemental

LRB Number 21-0348/1	Introduction Number SB-012
Description broadening the applicability of an individual income tax subtraction for certain reserve components of the armed forces and national guard	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input 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 checked="" 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 type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<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	
Affected Ch. 20 Appropriations	
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Ann DeGarmo (608) 266-7179
Date 1/29/2021	

Fiscal Estimate Narratives

DOR 1/29/2021

LRB Number	21-0348/1	Introduction Number	SB-012	Estimate Type	Original
Description broadening the applicability of an individual income tax subtraction for certain reserve components of the armed forces and national guard					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, certain Reserve or National Guard members called into active federal service under 10 USC 12302(a) or 10 USC 12304 or special state service under 32 USC 502(f) may claim a subtraction for eligible military pay for the time during which they were on active duty.

This bill expands current law by making certain members eligible to claim the subtraction if they are activated by the secretary of a military department under 10 USC 12304b, an additional section of the U.S. Code that relates to orders to active duty for pre-planned missions in support of the combatant commands.

The bill applies retroactively to income and compensation received on October 1, 2019.

In the DOR Tax Exemption Devices report, the current law deduction reduced revenue by approximately \$1,060,000 annually based on fiscal year 2020 data. Based on 2019 data provided by the Department of Military Affairs, this bill would extend the deduction to approximately 180 claimants, resulting in an estimated annual general fund revenue loss of \$200,000 beginning in fiscal year 2021. To the extent that individuals amend their 2019 returns to claim the new subtraction, there will be a minor additional one-time impact when those returns are filed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description broadening the applicability of an individual income tax subtraction for certain reserve components of the armed forces and national guard		
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	\$	\$-200,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-200,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-200,000	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Ann DeGarmo (608) 266-7179	1/29/2021