

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-2116/1	Introduction Number SB-0118
Description a tax credit for relocating to this state due to Hurricane Helene or the Los Angeles wildfires	
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex;"><div style="width: 50%;"><input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 50%;"><input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues</div></div></div><div style="width: 33%;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</div><input type="checkbox"/> Decrease Costs</div><div style="width: 33%;"></div></div> Local: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex;"><div style="width: 50%;">1. <input type="checkbox"/> Increase Costs <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div><div style="width: 50%;">2. <input type="checkbox"/> Decrease Costs <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div></div><div style="width: 33%;"><div style="display: flex;"><div style="width: 50%;">3. <input type="checkbox"/> Increase Revenue <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div><div style="width: 50%;">4. <input type="checkbox"/> Decrease Revenue <div style="display: flex;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div></div><div style="width: 33%;">5.Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 33%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 33%;"><input type="checkbox"/> Cities</div></div></div></div>	

Fund Sources Affected
☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Fiscal Estimate Narratives

DOR 3/17/2025

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Description a tax credit for relocating to this state due to Hurricane Helene or the Los Angeles wildfires					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable income tax credit for U.S. citizens who resided in the county of Los Angeles, California, or the state of North Carolina up until the Los Angeles wildfires of 2025 or Hurricane Helene of 2024 and who moved to this state due to either of those disasters. The amount of the credit is \$10,000 and the credit is effective for tax year 2025, only. No person who has been convicted of a felony may claim the credit.

Based on U.S. migration data compiled by the IRS using returns from 2021 and 2022, there were 406 households from Los Angeles County, California in 2021 who filed in Wisconsin in 2022. Similarly, there were 1,005 households from North Carolina in 2021 who filed in Wisconsin in 2022. Of the part-year returns filed in Wisconsin for 2022, the average net tax liability (capped at \$10,000) was \$1,304. Using 2022 as a proxy, if those 1,411 households were to claim an average credit of \$1,304, it would have reduced revenue by approximately \$1.8 million in fiscal year 2023.

The one-time impact of this bill will primarily fall in fiscal year 2026. To the extent that the number of households moving to Wisconsin from Los Angeles County and from North Carolina in 2024/2025 is larger or the average tax liability of movers is larger than in 2022, the fiscal effect will also be larger.

The American Rescue Plan Act (ARPA) prohibits states from using state fiscal recovery funds (SLFRF) to either directly or indirectly offset reduction in net tax revenue. This bill reduces the margin for tax reductions determined by DOA before triggering potential SLFRF recoupment.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

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Description a tax credit for relocating to this state due to Hurricane Helene or the Los Angeles wildfires		
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	Michael Oakleaf (608) 261-5173	3/17/2025