

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date March 18, 2022
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Chapter Tax 3 – Active Duty Military Pay	
4. Subject The proposed rule provides definitions required to administer the provisions of 2021 Wisconsin Act 58 related to a new subtraction for active-duty military pay. The department is providing definitions for "active duty" and "U.S. armed forces", as well as providing a description of eligible pay for purposes of the subtraction.	
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected
7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget	
8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)	
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$ 0	
10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11. Policy Problem Addressed by the Rule There is no current policy relating to the subtraction from income under sec. 71.05(6)(b)56., Wis. Stats. , which is new for tax year 2021 as adopted in 2021 Wisconsin Act 58. Due to differing definitions in the US Code, military servicemembers need guidance as to whether certain pay is taxable or nontaxable to Wisconsin.	
12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. A comment period was identified for economic impact and the public was notified. The comment period lasted from February 28, 2022, through March 14, 2022. No specific businesses were contacted.	
13. Identify the Local Governmental Units that Participated in the Development of this EIA. No local government units participated in the development of this EIA.	
14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) No impact is anticipated.	
15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule 2021 Wisconsin Act 58 created a subtraction for active duty military pay. Active duty is not defined in the statutes. The rule needs to be created to define active duty so it is clear which military pay is eligible for the subtraction.	

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16. Long Range Implications of Implementing the Rule

No long range implications are anticipated.

17. Compare With Approaches Being Used by Federal Government

There are no similar approaches being used by Federal Government.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

The department is not aware of a similar rule in an adjacent state.

19. Contact Name

Jen Olson

20. Contact Phone Number

608-266-8253

This document can be made available in alternate formats to individuals with disabilities upon request

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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FISCAL ESTIMATE FORM

2021 Session

- ORIGINAL UPDATED
- CORRECTED SUPPLEMENTAL

LRB #

INTRODUCTION #

Admin. Rule # to be assigned

Subject

Create Chapter Tax 3.045 to Implement 2021 Act 58

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Increase Costs - May be Possible to Absorb
 Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

- | | |
|--|---|
| 1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
- Counties Others _____
- School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

The proposed rule provides definitions required to administer the provisions of 2021 Wisconsin Act 58 related to a new subtraction for active-duty military pay. The department is providing definitions for "active duty" and "U.S. armed forces", as well as providing a description of eligible pay for purposes of the subtraction. The rule is intended to reflect and clarify existing law and does not impose any additional fiscal impact.

Long-Range Fiscal Implications:

Agency/Prepared by: Wisconsin Department of Revenue Bradley Caruth (608) 261-8984	Authorized Signature/Telephone No. Wisconsin Department of Revenue Michael Oakleaf (608) 261-5173	Date 1/13/2022
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FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2021 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #	Admin. Rule # to be assigned
INTRODUCTION	

Subject:
Create Chapter Tax 3.045 to Implement 2021 Act 58

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 State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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	\$ 0	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

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