

BDR 38-499
A.B. 515

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 05, 2003

Agency Submitting: Division of Aging Services, Department of Human Resources

Items of Revenue or Expense, or Both	Fiscal Year 2002-03	Fiscal Year 2003-04	Fiscal Year 2004-05	Effect on Future Biennia
Total				\$0

Explanation (Use Additional Sheets of Attachments, if required)

Section 1 simplifies the existing income range schedule to provide for a more equitable distribution to eligible claimants; and provides a 100 percent rebate for taxes paid up to the \$500 cap to those eligible claimants whose income is at or below the federal poverty level for family units of one (if filing single) or two (if filing jointly). Changing the structure of the schedule from the existing five set points to a graduated or sliding scale would result in some eligible claimants receiving a larger rebate while others would receive a smaller rebate (reference the attachment labeled Proposed Graduated Schedule). Simplifying the schedule would prevent minor income differences from causing significant differences in refunds (reference the attachment labeled Scenarios).

Section 5 disallows claims if a claimant or spouse of the claimant owns real property, other than that claimed as a home, which has an assessed value of more than \$30,000. Currently, a claimant or spouse of the claimant may own real property, in other states, which has an assessed value of more than \$30,000. By disallowing claims whereby the claimant or spouse of the claimant owns real property, other than that claimed as a home, which has an assessed value of more than \$30,000 in any state, certain claimants, who would otherwise be eligible, will no longer be eligible to receive a rebate.

This section also limits the assessed value of the claimant's principal residence to \$75,000 and limits the claimant's liquid assets to \$400,000. Currently, there is no limitation on the assessed value of the claimant's principle residence or liquid assets. By limiting the assessed value of the applicant's principle residence and liquid assets, certain claimants, who would otherwise be eligible, will no longer be eligible to receive a rebate.

Based on available information, the Division estimates no fiscal impact. Please reference the attached Excel workbook for details.

Name Mike Torvinen
Title DHR DO ASO IV

DEPARTMENT OF ADMINISTRATION'S COMMENT

Date April 07, 2003

The agency's comments are reasonable.

Name John P Comeaux
Title Director

**Department of Human Resources
Division for Aging Services
Senior Citizens' Property Tax Assistance - B/A #2363
AB 515 - Fiscal Impact Narrative**

The Division estimates no fiscal impact based on the following:

Section 1 - Simplifying the existing income range schedule and providing a 100 percent rebate for taxes paid up to the \$500 cap to those eligible claimants whose income is at or below the federal poverty for family units of one (if filing single) or two (if filing jointly) has an estimated fiscal impact of \$189,900. As demonstrated in the attachment labeled *Fiscal Impact on Projected Rebates*, the largest portion of the projected rebate increase (\$141,610 of the \$189,900 estimated increase in FY 2005), is attributable to refunds provided to claimants whose income is at or below the federal poverty level .

Section 5 - Disallowing claims if a claimant or spouse of the claimant owns real property, other than that claimed as a home, in any state, which has an assessed value of more than \$30,000 has an unknown fiscal impact. Currently this information is not required on the application.

Section 5 - Limiting the assessed value of the claimant's principal residence to \$75,000 has a estimated fiscal impact of (\$23,883) in FY 2005. Reference the attachment labeled *Over 75K Summary*.

Section 5 - Limiting the claimant's liquid assets to \$400,000 has an unknown fiscal impact. Currently this information is not required on the application.

Although the known fiscal impact at this time is \$166,017 (\$189,900 - \$23,883), the reduction in rebates after limiting liquid assets and disallowing ownership of real property in other states which has an assessed value of more than \$30,000 is not known. Therefore; the Division is not requesting additional funding to implement this bill.

Note, if there were a shortfall of \$189,900 the average reduction would be approximately \$6 each for those claimant's whose income was above the federal poverty level.

Department of Human Resources
Division for Aging Services
Senior Citizens' Property Tax Assistance - B/A #2363
AB 515 - Proposed Graduated Schedule

Income Ranges for Income Year 2002	Current Refund %	Proposed Graduated % Ranges
\$0 - \$13,882	90%	100.000%
\$13,883 - \$16,177	80%	92.556%
\$16,178 - \$18,581	50%	69.650%
\$18,582 - \$20,877	25%	34.170%
\$20,878 to \$23,500	10%	14.487%
		10.000%

Federal Poverty Level History:

Units per Household	Income Year 2000	Income Year 2001	Income Year 2002
1 Person Household	8,590	8,860	8,980
2 Person Household	11,610	11,940	12,120

Department of Human Resources
 Division for Aging Services
 Senior Citizens' Property Tax Assistance - B/A #2363
 AB 515 - Fiscal Impact on Projected Rebates

Projected Rebates for Income Year 2002 - State Fiscal Year 2004

# Of Refunds	Income Range	*Current Schedule Total Refunds	Average Refund	Proposed Total Refunds	Average Refund	Difference Total Refunds	Difference Avg. Refund	Current Refund %	Proposed Percentage Range
7,929	\$0 - \$13,882	2,386,629.00	301	\$2,521,422	318	\$134,793	17	90%	100.000% 92.557%
1,994	\$13,883 - \$16,177	761,708.00	382	\$783,642	393	\$21,934	11	80%	92.556% 69.651%
1,747	\$16,178 - \$18,581	522,353.00	299	\$539,823	309	\$17,470	10	50%	69.650% 34.171%
1,318	\$18,582 - \$20,877	234,604.00	178	\$241,194	183	\$6,590	5	25%	34.170% 14.488%
917	\$20,878 - \$23,500	71,526.00	78	\$75,194	82	\$3,668	4	10%	14.487% 10.000%
13,905		3,976,820.00	286	\$4,161,275	\$299	\$184,455	13		

*(\$10) rounding difference to projected actual of \$3,976,830

Projected Refunds for Income Year 2003 - State Fiscal Year 2005

# Of Refunds	Income Range	**Current Schedule Total Refunds	Average Refund	Proposed Total Refunds	Average Refund	Difference Total Refunds	Difference Avg. Refund	Current Refund %	Proposed Percentage Range
8,330	\$0 - \$13,882	2,573,970.00	309	\$2,715,580	326	\$141,610	17	90%	100.000% 92.557%
2,108	\$13,883 - \$16,177	826,336.00	392	\$847,416	402	\$21,080	10	80%	92.556% 69.651%
1,836	\$16,178 - \$18,581	563,652.00	307	\$580,176	316	\$16,524	9	50%	69.650% 34.171%
1,382	\$18,582 - \$20,877	252,906.00	183	\$259,816	188	\$6,910	5	25%	34.170% 14.488%
944	\$20,878 to \$23,500	75,520.00	80	\$79,296	84	\$3,776	4	10%	14.487% 10.000%
14,600		4,292,384.00	294	\$4,482,284	\$307	\$189,900	13		

**(\$16) rounding difference to projected actual of \$4,292,400

**Department of Human Resources
 Division for Aging Services
 Senior Citizens' Property Tax Assistance - B/A #2363
 AB 515 - Scenarios/Existing Versus Proposed Distribution**

Refunds for Income Year 2000 - State Fiscal Year 2002:

Case Scenarios	Income	Existing % Refund	Property Tax	Current Refund	Proposed Refund	Proposed % Refund	Refund Difference
Client A	\$5,808	90%	\$350	\$315	\$350	100%	\$35
Client B	\$13,678	90%	\$260	\$234	\$241	92.692%	\$7
Client C	\$13,679	80%	\$260	\$208	\$241	92.692%	\$33
Client D	\$15,940	80%	\$831	\$500	\$500	60.168%	\$0
Client E	\$15,941	50%	\$831	\$416	\$500	60.168%	\$84
Client F	\$20,571	25%	\$877	\$188	\$127	14.481%	(\$61)
Client G	\$20,572	10%	\$877	\$88	\$127	14.481%	\$39

Refunds for Income Year 2001 - State Fiscal Year 2003:

Case Scenarios	Income	Existing % Refund	Property Tax	Current Refund	Proposed Refund	Proposed % Refund	Refund Difference
Client A	\$5,732	90%	\$462	\$416	\$462	100%	\$46
Client B	\$13,882	90%	\$353	\$318	\$327	92.635%	\$9
Client C	\$13,883	80%	\$353	\$282	\$327	92.635%	\$45
Client D	\$16,177	80%	\$561	\$449	\$391	69.697%	-\$58
Client E	\$16,178	50%	\$561	\$281	\$391	69.697%	\$111
Client F	\$20,877	25%	\$683	\$171	\$99	14.495%	-\$72
Client G	\$20,878	10%	\$683	\$68	\$99	14.495%	\$31

Department of Human Resources
 Division for Aging Services
 Senior Citizens' Property Tax Assistance - B/A #2363
 AB 515 - Global Impact of New Schedule

Refunds for Income Year 2000 - State Fiscal Year 2002:

Number of Rebates	Impact of New Schedule	% of Total Refunds
1,222	Rebates decreased by more than \$2.	9.84%
983	Rebates decreased by more than \$10.	7.91%
632	Rebates decreased by more than \$25.	5.09%
46	Rebates decreased by more than \$100.	0.37%
8,444	Rebates increased by more than \$2.	67.98%
7,212	Rebates increased by more than \$10.	58.06%
3,231	Rebates increased by more than \$25.	26.01%
58	Rebates increased by more than \$100.	0.47%

*Total rebates = 12,422

Refunds for Income Year 2001 - State Fiscal Year 2003:

Number of Rebates	Impact of New Schedule	**% of Total Refunds
1,288	Rebates decreased by more than \$2.	9.73%
1,071	Rebates decreased by more than \$10.	8.09%
718	Rebates decreased by more than \$25.	5.42%
67	Rebates decreased by more than \$100.	0.51%
8,881	Rebates increased by more than \$2.	67.08%
7,452	Rebates increased by more than \$10.	56.28%
3,434	Rebates increased by more than \$25.	25.94%
62	Rebates increased by more than \$100.	0.47%

**Total rebates = 13,240

Department of Human Resources
Division for Aging Services
Senior Citizens' Property Tax Assistance - B/A #2363
AB 515 - Projected Refunds to Claimants Whose Assessed Value is > \$75,000

Fiscal Year	Apps		Total		Refunds		Total	
	>75k	% of Apps	Apps	% of Apps	>75k	% of Refunds	Refunds	% of Refunds
FY 2000	25	0.18%	13,625		\$ 11,004	0.32%	\$ 3,471,870	0.32%
FY 2001	32	0.24%	13,198		\$ 13,945	0.40%	\$ 3,455,970	0.40%
FY 2002	33	0.25%	13,233		\$ 13,989	0.41%	\$ 3,452,338	0.41%
FY 2003	52	0.37%	14,197		\$ 20,582	0.56%	\$ 3,699,196	0.56%
FY 2004 Est					\$ 22,127	0.56%	\$ 3,976,830	0.56%
FY 2005 Est					\$ 23,883	0.56%	\$ 4,292,400	0.56%