

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|------------------------------------|---|
| LRB Number 09-2151/1 | Introduction Number AB-0140 |
|------------------------------------|---|

Description
 Adopting federal law as it relates to an income tax deduction for certain educators and creating an individual income tax deduction for educators who use their own funds to purchase classroom educational supplies

Fiscal Effect

State:

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

Local:

| | | |
|--|--|---|
| <input checked="" 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 | |
| 2. <input type="checkbox"/> Decrease Costs | 4. <input type="checkbox"/> Decrease Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| | | |

Towns Village Cities
 Counties Others
 School Districts WTCS Districts

| | |
|---|---------------------------------------|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <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 | |

| | | |
|---|---|--------------------------|
| Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984 | Authorized Signature Rebecca Boldt (608) 266-6785 | Date 3/18/2009 |
|---|---|--------------------------|

Fiscal Estimate Narratives

DOR 3/18/2009

| | | | | | |
|--|------------------|---------------------|----------------|---------------|-----------------|
| LRB Number | 09-2151/1 | Introduction Number | AB-0140 | Estimate Type | Original |
| Description Adopting federal law as it relates to an income tax deduction for certain educators and creating an individual income tax deduction for educators who use their own funds to purchase classroom educational supplies | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Current federal law allows a deduction from gross income for up to \$250 of qualified expenses paid by an eligible educator through tax year 2009. Since the Wisconsin definition of the Internal Revenue Code does not allow the deduction for purposes of calculating Wisconsin state income tax, claimants must add this deduction back for Wisconsin purposes for tax year 2008.

This bill updates the Wisconsin definition of the Internal Revenue Code to allow the educator expenses deduction for Wisconsin for taxable years beginning after December 31, 2008. The bill also creates a Wisconsin individual income tax deduction, effective beginning in tax year 2009, for an amount of up to \$500 that is paid by a classroom teacher for educational materials or supplies for use in a public or private school. The Wisconsin deduction does not apply for years in which the federal deduction is available.

Based on a simulation using the 2005 Individual Income Tax Sample, it is estimated that the \$250 deduction would reduce revenue by \$1.4 million annually beginning in fiscal year 2010. For years in which the \$500 deduction is allowed, the estimated revenue loss is \$2.2 million annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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| | | | |
|--|---|--|-----------------|
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| Description Adopting federal law as it relates to an income tax deduction for certain educators and creating an individual income tax deduction for educators who use their own funds to purchase classroom educational supplies | | | |
| 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 | | | |
| | | State | Local |
| | NET CHANGE IN COSTS | \$ | \$ |
| | NET CHANGE IN REVENUE | \$SeeText | \$ |
| Agency/Prepared By Authorized Signature Date | | | |
| DOR/ Bradley Caruth (608) 261-8984 | | Rebecca Boldt (608) 266-6785 | 3/18/2009 |