



**Fiscal Estimate Narratives**  
**DOR 2/24/2009**

LRB Number	<b>09-1783/1</b>	Introduction Number	<b>SB-069</b>	Estimate Type	<b>Original</b>
<b>Description</b> 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 \$250 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 bill will reduce revenue by \$1.4 million annually beginning in fiscal year 2010.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> 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			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-1,400,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-1,400,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-1,400,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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