

Fiscal Estimate Narratives

DOR 4/28/2011

LRB Number	11-1899/1	Introduction Number	AB-0112	Estimate Type	Original
Description Creating a nonrefundable individual income tax credit for tuition expenses paid for dependents who attend private elementary and secondary schools					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual income tax credit for tuition expenses paid for dependents who attend private elementary and secondary schools. When fully phased in, single filers, head of household filers, and married joint filers may claim up to \$1,500 per child in kindergarten through fifth grade, \$2,000 per child in sixth grade through eighth grade, and \$2,500 per child in ninth grade through twelfth grade. Married individuals filing separately may claim half of the credit available to joint filers. Nonresident and part-year residents may claim a prorated credit.

The credit phases in from 2012 to 2020. In tax year 2012, the credit is only available for tuition expenses paid for kindergarten and ninth grade students. In 2013, the credit is extended to expenses paid for first grade students and tenth grade students. In 2014, second grade students and eleventh grade students; in 2015, third grade students and twelfth grade students; in 2016, fourth grade students; in 2017, fifth grade students; in 2018, sixth grade students; in 2019, seventh grade students; and in 2020 and thereafter, eighth grade students.

Based on data from the Wisconsin Department of Public Instruction, there are approximately 125,000 students attending private elementary and secondary schools in Wisconsin in the 2010-2011 school year. Excluding 21,000 students who attend tuition-free under the Milwaukee Parental Choice Program, there are approximately 104,000 eligible private elementary and secondary school students. According to the National Center for Education Statistics, the average tuition for private elementary and secondary schools during the 2007-2008 school year was \$8,549, so it is assumed that claimants will generally qualify for the maximum available credit under this bill. Applying the phase-in, the total credit is estimated to increase from \$56 million in FY2013 to \$194 million in FY2021. However, since the credit is nonrefundable, it is estimated to reduce revenue by \$48 million in FY2013, \$68 million in FY2014, \$89 million in FY2015, \$110 million in FY2016, \$120 million in FY2017, \$131 million in FY2018, \$147 million in FY2019, \$161 million in FY2020, and \$165 million annually beginning in FY2021.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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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		\$SeeText	\$
Agency/Prepared By			
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		Rebecca Boldt (608) 266-6785	
			Date
			4/28/2011