

Fiscal Estimate Narratives
DOR 7/11/2011

LRB Number	11-1628/2	Introduction Number	AB-0193	Estimate Type	Original
Description Creating an individual income tax checkoff for contributions to elementary and secondary education, shared revenue, and Medical Assistance, and making an appropriation.					

Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin law, taxpayers may donate to any of ten charitable funds listed in their individual income tax returns. The designated donation amount either increases the payment due at the time the return is filed or decreases the amount that is refunded to the taxpayer.

This bill creates three new charitable checkoffs for designations to (1) elementary and secondary education materials funding, (2) shared revenue, and (3) Medical Assistance programs.

Historical data show that the introduction of a new checkoff is generally associated with an increase in total donations and a decrease in donations to previously existing checkoffs. For example, the Breast Cancer Research checkoff was added to individual income tax forms in 2004 and raised \$330,000. Donations to previously existing funds decreased by \$150,000. In tax year 2005, the Veterans Trust Fund checkoff was added to individual income tax forms and raised \$130,000. Donations to the other checkoff funds decreased during that year by \$110,000.

The extent to which individual checkoffs raise money depends on their popularity and the substitutability of existing checkoffs. Although the effect of these proposed checkoffs is not known, it is expected that a portion of the donations will come from new donors and a portion will be the result of taxpayers substituting donations from other checkoffs.

The Department of Revenue expects that, with these additional checkoffs, all checkoffs will need to be moved to a separate schedule to save space on the main income tax return forms. Additional pages in the instruction booklets will be required for the new schedule. Administrative costs for printing and postage of the new schedule and expanded instruction booklets will be approximately \$7,500 annually.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Creating an individual income tax checkoff for contributions to elementary and secondary education, shared revenue, and Medical Assistance, and making an appropriation.			
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, ets.)			
		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		Authorized Signature	Date
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