

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-1450/2	Introduction Number AB-0233	
Description Repealing the changes made to the earned income tax credit in 2011 Wisconsin Act 32		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate		
<input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs		
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<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 20.835(2)(f)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	John Koskinen (608) 267-8973	6/18/2013

Fiscal Estimate Narratives

DOR 6/18/2013

LRB Number 13-1450/2	Introduction Number AB-0233	Estimate Type Original
Description Repealing the changes made to the earned income tax credit in 2011 Wisconsin Act 32		

Assumptions Used in Arriving at Fiscal Estimate

The Wisconsin earned income tax credit is calculated as a percentage of the federal credit, depending on the number of the claimant's qualifying children. The Wisconsin credit is 4% of the federal credit for persons with one qualifying child, 11% for persons with two qualifying children, and 34% for persons with three or more qualifying children. Prior to 2011 Wisconsin Act 32, the credit rates were 4%, 14%, and 43%, respectively. This bill repeals the 2011 law change and, beginning in 2013, restores the rates that existed previously.

Under this bill, earned income credit claims would increase by an estimated \$26.8 million in fiscal year 2014, \$27.7 million in fiscal year 2015, and annually thereafter.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-1450/2		Introduction Number AB-0233	
Description Repealing the changes made to the earned income tax credit in 2011 Wisconsin Act 32			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The bill would have a one-time cost of \$49.7 million associated with amended returns for tax years 2011 and 2012.			
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	27,700,000	
	TOTAL State Costs by Category	\$27,700,000	\$
B. State Costs by Source of Funds			
	GPR	27,700,000	
	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		\$27,700,000	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984		John Koskinen (608) 267-8973	6/18/2013