

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>15-0257/2</b>	<b>Introduction Number</b> <b>AB-0852</b>				
<b>Description</b> Expanding eligibility for the earned income tax credit; hospital best practices for postpartum patients and newborns; hospital staff privileges and written agreements required for nurse-midwives; coverage of nurse-midwives under the injured patients and families compensation fund; a report on information related to hospital neonatal intensive care units; an electronic application and information system to determine eligibility and register for public assistance programs; directing the Department of Health Services to request a Medical Assistance waiver; evidence-based home visitation program services for persons who are at risk of poor birth outcomes or of abusing or neglecting their children; designating race and ethnicity on birth certificates; a report on fetal and infant mortality and birth outcomes; requiring informed consent for performance on pregnant women of certain elective procedures prior to the full gestational term of a fetus; cultural competency training for certain students enrolled in the University of Wisconsin System and the technical college system; granting rule-making authority; and requiring the exercise of rule-making authority					
<b>Fiscal Effect</b>  <b>State:</b> <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs					
<b>Local:</b> <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 <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts					
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><b>Fund Sources Affected</b></td> <td style="width: 50%;"><b>Affected Ch. 20 Appropriations</b></td> </tr> <tr> <td> <input type="checkbox"/> GPR    <input type="checkbox"/> FED    <input type="checkbox"/> PRO    <input type="checkbox"/> PRS    <input type="checkbox"/> SEG    <input type="checkbox"/> SEGS                 </td> <td></td> </tr> </table>		<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>	<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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<b>Agency/Prepared By</b> DOR/ Bradley Caruth (608) 261-8984	<b>Authorized Signature</b> Michael Wagner (608) 266-6785				
<b>Date</b> 2/8/2016					

## Fiscal Estimate Narratives

DOR 2/8/2016

LRB Number	15-0257/2	Introduction Number	AB-0852	Estimate Type	Original
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### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the refundable Wisconsin earned income tax credit (EITC) may be claimed in an amount equal to a certain percentage of the federal EITC (4% if the claimant has one qualifying child, 11% if the claimant has two qualifying children, and 34% if the claimant has three or more qualifying children). To be eligible for the Wisconsin EITC, an individual must have the same principal place of abode as the claimant. Because the state credit is equal to a percentage of the federal credit, eligible claimants must also have a federal credit.

Under this bill, an individual may claim the Wisconsin EITC even if, with regard to the child about whom the claim is made, the child does not have the same principal place of abode as the claimant and even if another person claims the federal and Wisconsin credits for that child, provided that the claimant meets a statutory definition of "parent" with respect to that child and provided that the claimant is subject to and in compliance with a child support order with respect to that child.

Though the bill expands the pool of eligible state EITC claimants, the newly eligible claimants would not be eligible for a credit under federal law. As such, the state credit would also be zero (computed as 4%, 11%, or 34% of zero). As written, the bill does not affect the state EITC.

In order to affect the state EITC, the bill would need to allow state EITC claimants to base their credits on a percentage of the federal credits that they would have received, absent the federal restrictions related to allowing only one person to claim the EITC for a qualifying child and requiring that claimants share the same principal place of abode with a qualifying child.

For illustrative purposes, if the above issue was addressed, a fiscal estimate of the EITC expansion could be calculated as follows. According to the federal Office of Child Support Enforcement, there were about 318,000 Wisconsin cases with support orders in fiscal year 2014. It is not known how many individuals would qualify for the EITC expansion under this bill, though approximately 9% of individual tax returns claimed the state EITC in 2014 and data from the Institute for Research on Poverty indicate that approximately 44% of child support orders are paid in full. If 4% (9% x 44%) of the 318,000 individuals were in compliance with their child support orders and were otherwise eligible for the EITC, this bill could expand the EITC to 12,720 new claimants. The average state EITC in 2014 was \$394, so 12,720 new claimants could increase the credit amount by approximately \$5.0 million annually beginning in fiscal year 2017.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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<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	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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