

### Fiscal Estimate - 2017 Session

Original      Updated      Corrected      Supplemental

|   |                                       |             |
|---|---------------------------------------|-------------|
| <b>LRB Number</b> 17-5412/1   | <b>Introduction Number</b> AB-0995    |             |
| <b>Description</b><br>creating an individual income tax credit for certain medical debt and making an appropriation   |                                       |             |
| <b>Fiscal Effect</b>  |                                       |             |
| <b>State:</b>   |                                       |             |
| <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs |                                       |             |
| <b>Local:</b>   |                                       |             |
| <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate<br>1. <input type="checkbox"/> Increase Costs     3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs     4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                   |                                       |             |
| 5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts  |                                       |             |
| <b>Fund Sources Affected</b>  | <b>Affected Ch. 20 Appropriations</b> |             |
| <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)(cb)   |                                       |             |
| <b>Agency/Prepared By</b>   | <b>Authorized Signature</b>           | <b>Date</b> |
| DOR/ Bradley Caruth (608) 261-8984  | Michael Oakleaf (608) 261-5173        | 3/9/2018    |

## Fiscal Estimate Narratives

DOR 3/9/2018

|   |           |                     |         |               |          |
|---|-----------|---------------------|---------|---------------|----------|
| LRB Number  | 17-5412/1 | Introduction Number | AB-0995 | Estimate Type | Original |
| <b>Description</b><br>creating an individual income tax credit for certain medical debt and making an appropriation |           |                     |         |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a refundable individual income tax credit for costs incurred by an individual for medical debt attributable to the care and treatment of the claimant's spouse in the year in which the spouse dies, or in the prior year. The definition of medical debt includes respite, hospice, and palliative care. Under the bill, the maximum credit that a claimant may claim is \$10,000. No individual may claim the credit more than once, and no credit is allowed if the claimant's federal adjusted gross income exceeds \$100,000 or if the claimant is married and files a joint return.

According to the Wisconsin Department of Health Services vital statistics, 18,800 married Wisconsin residents died in 2015. Though not all decedents are elderly, the Centers for Medicare and Medicaid Services provide end of life medical care cost statistics which are assumed to reflect the broader population. The Centers for Medicare and Medicaid services indicate that the typical out-of-pocket per-capita spending for elderly individuals was \$2,938 in 2012. Per-capita total medicare expenditures on decedents in the last year of life were about 3.4 times the size of per-capita expenditures for all medicare recipients, suggesting that out-of-pocket per-capita expenditures were nearly \$10,000 in 2012.

It is unknown how many of the surviving spouses will claim medical the credit under this bill, but for illustrative purposes, if half of the 18,800 surviving spouses claim the maximum \$10,000 credit, the bill would increase expenditures by approximately \$94 million annually beginning in fiscal year 2019. To the extent that more/fewer individuals claim the credit or that the average credit claim is smaller, the fiscal effect would change as well.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|  |               |  |                 |
|--|---------------|--|-----------------|
| LRB Number <b>17-5412/1</b>  |               | Introduction Number <b>AB-0995</b>             |                 |
| <b>Description</b><br>creating an individual income tax credit for certain medical debt and making an appropriation  |               |  |                 |
| <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  | \$See Text    |  | \$              |
| NET CHANGE IN REVENUE  | \$            |  | \$              |
| <b>Agency/Prepared By</b>  |               | <b>Authorized Signature</b>                    | <b>Date</b>     |
| DOR/ Bradley Caruth (608) 261-8984   |               | Michael Oakleaf (608) 261-5173                 | 3/9/2018        |