

Fiscal Estimate - 2017 Session

Original Updated Corrected Supplemental

LRB Number 17-2825/1	Introduction Number SB-208
Description creating a refundable individual income tax credit to provide assistance to young adults and making an appropriation	

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<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 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase 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 <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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)(cb)	Affected Ch. 20 Appropriations
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Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Jamie Adams (608) 266-6785	Date 4/21/2017
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Fiscal Estimate Narratives

DOR 4/21/2017

LRB Number	17-2825/1	Introduction Number	SB-208	Estimate Type	Original
Description creating a refundable individual income tax credit to provide assistance to young adults and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a refundable individual income tax credit for young adults who age out of foster care or lose their disability status under federal law as a result of a redetermination at age 18. The credit is equal to 125% of the federal earned income tax credit (EITC) for an individual who has no dependent children and may be claimed without regard to the age requirements for the federal childless EITC. Individuals may claim the credit in the year they age out of foster care or lose their disability status and in each of the next two taxable years. The bill first applies in 2018.

In 2015 approximately 296 individuals were discharged from foster care because they reached the age of majority. Accounting for two additional years of claimants, there are approximately 890 total qualifying individuals based on aging out of foster care.

Based on data from the Social Security Administration, approximately 2.39% of children and 0.55% of non-elderly adults receive supplemental security income (SSI). Using this as a proxy for redetermination, approximately 1.84% (2.39 - 0.55) of 18 year-old individuals, or 1,470 individuals lose eligibility at age 18. Accounting for 19 and 20 year-old claimants, there are approximately 4,410 total qualifying individuals based on redetermination of disability status.

Based on data for Wisconsin claimants of the federal EITC for childless adults, if half of the eligible individuals claim credits averaging \$273 each, the credit would cost approximately \$724,400 annually beginning in fiscal year 2019.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-2825/1	Introduction Number SB-208	
Description creating a refundable individual income tax credit to provide assistance to young adults 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	724,400	
TOTAL State Costs by Category	\$724,400	\$
B. State Costs by Source of Funds		
GPR	724,400	
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	\$724,400	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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		4/21/2017