

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-1701/1	Introduction Number SB-075	
Description creating a corporate income and franchise tax credit for amounts contributed by an employer into an employee's college savings account		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> 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 type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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		
Fund Sources Affected Affected Ch. 20 Appropriations <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		
Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 2/22/2017

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Description creating a corporate income and franchise tax credit for amounts contributed by an employer into an employee's college savings account		

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a nonrefundable income and franchise tax credit for amounts contributed by an employer into an employee's college savings account. The credit would only be available to corporations and insurance companies.

The credit would be equal to 25% of the amount the claimant paid into the employee's college savings account in the taxable year or on or before the 15th day of the 4th month beginning after the close of the taxable year to which the claim relates. The maximum amount of deposit that would be eligible for the credit would equal 25% of the maximum amount an individual may deduct under Sec. 71.05(6)(b)32.a. per beneficiary. For tax year 2016, the maximum amount a person may deduct for each beneficiary was \$1,550 if filing separate or \$3,100 if married and filing jointly. Therefore, the maximum employer contribution eligible for the credit for tax year 2016 would have been \$388 per beneficiary for an employee who files separately ($\$1,550 \times 25\%$) and \$775 per beneficiary for an employee who files jointly ($\$3,100 \times 25\%$). The maximum credit for these contributions would be \$97 ($\$388 \times 25\%$) and \$194 ($\$775 \times 25\%$).

The bill would first apply for taxable years beginning on or after January 1 of the year in which the bill is enacted, except that if it is enacted after July 31 it would apply to taxable years beginning on or after January 1 of the following year.

Fiscal Estimate

It is unknown how many corporations would claim the credit or the amount of the claims of those that do choose to participate. To provide context, for tax years 2010 through 2013, Wisconsin provided a tax credit for businesses that paid post-secondary tuition expenses of their employees. There were no claims for the credit submitted by corporations. Therefore, the fiscal effect is unknown but expected to be minimal.

Long-Range Fiscal Implications