Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2021 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **21-1806/1**	Introduction Number **SB-126**

Description
adopting for state tax purposes federal changes to the earned income tax credit

Fiscal Effect

State:

☒ No State Fiscal Effect
☐ Indeterminate
- ☐ Increase Existing Appropriations
- ☐ Decrease Existing Appropriations
- ☐ Create New Appropriations
- ☐ Increase Existing Revenues
- ☐ Decrease Existing Revenues
- ☐ Increase Costs - May be possible to absorb within agency's budget ☐ Yes ☐ No
- ☐ Decrease Costs

Local:

☐ No Local Government Costs
☐ Indeterminate
1. ☐ Increase Costs ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected
☐ Towns ☐ Village ☐ Cities
☐ Counties ☐ Others
☐ School Districts ☐ WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DOR 2/23/2021

LRB Number **21-1806/1**	Introduction Number **SB-126**	Estimate Type **Original**
Description adopting for state tax purposes federal changes to the earned income tax credit		

Assumptions Used in Arriving at Fiscal Estimate

This bill adopts for state income tax purposes changes made by the federal Consolidated Appropriations Act of 2021 related to the earned income tax credit. Under current law, the Wisconsin EITC is equal to a percentage of the federal EITC. The EITC on both the state and federal levels is intended to provide financial assistance to low-income families. By adopting the changes made by the CAA, if a taxpayer's earned income for 2020 is less than the earned income for the preceding year, the taxpayer may elect to use the earned income for the preceding year for the taxable year 2020 for purposes of the EITC.

The provision in this bill was adopted under 2021 Wisconsin Act 1, so the bill has no further effect.

Long-Range Fiscal Implications