

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # -2108/1
INTRODUCTION # AB 166
Admin. Rule #

**Subject**  
 Individual Income Tax Credit for Dependent Care Expenses

**Fiscal Effect**

**State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriation	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

**Local:**  No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory  2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory  4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</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"/> SEG-S	<b>Affected Ch. 20 Appropriations</b> 20.566 (1)(a)
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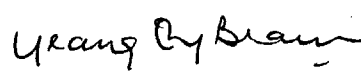
**Assumptions Used in Arriving at Fiscal Estimate:**

The bill creates a nonrefundable credit for child and dependent care expenses equal to 50% of the federal credit allowed for child and dependent care expenses. The maximum credit under this bill is \$360 for filers with one qualifying individual and \$720 for filers with two or more qualifying individuals. The credit is to be claimed after the itemized deductions credit, but before the school property tax/rent credit.

A simulation of the 1997 Wisconsin Individual Income Tax Model, adjusted to reflect subsequent law changes, shows that the revenue loss associated with this bill would be \$15.1 million.

The cost to screen, verify, and audit credit claims is estimated to be \$63,200 annually beginning in FY 2001, including 1.3 FTE [0.3 Revenue Agent, 0.7 Revenue Auditor, and 0.3 Clerical Assistant]. Start-up costs in FY 2000 are estimated to be \$11,300 for processing costs [0.3 FTE] and \$107,200 for programming and information technology support. Additional programming costs in FY 2001 would total \$18,800.

**Long-Range Fiscal Implications:**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Wisconsin Department of Revenue Craig D. Kammholz, (608) 261-8984	<b>Authorized Signature/Telephone No.</b> Yeang-Eng Braun (608) 266-2700 	<b>Date</b> 4/15/99
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**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**1999 Session**

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**INTRODUCTION # AB 166**

**Admin. Rule #**

**Subject**

Individual Income Tax Credit for Dependent Care Expenses

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

One-time costs for programming and information technology support: FY '00 \$107,200; FY '01 \$18,800; start-up processing costs of \$11,200 and 0.3 FTE in FY '00

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringe	\$ 53,800	\$ -
(FTE Position Changes)	(1.3 FTE)	(- FTE)
State Operations-Other Costs	9,400	-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$ 63,200</b>	<b>\$ -</b>
<b>B. State Costs by Source of Funds</b>		
GPR	\$ 63,200	\$ -
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, etc.)</b>	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ -
GPR Earned		- 15.1 million
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ - 15.1 million</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ + 63,200	\$
NET CHANGE IN REVENUES	\$ - 15.1 million	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Craig D. Kammholz, (608) 261-8984	Yeang-Eng Braun (608) 266-2700 <i>Yeang Eng Braun</i>	4/15/99