

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 1778/4

INTRODUCTION # AB 244

Admin. Rule #

Subject

Income and Franchise Tax Credit for Businesses That Pay Tuition for Individuals Enrolled in Degree-Granting Programs

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No

Decrease Costs

Local: No Local Government Costs

1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.566 (1)(a)

Assumptions Used in Arriving at Fiscal Estimate:

This bill would create a nonrefundable income and franchise tax credit for certain businesses that pay tuition expenses at qualified postsecondary institutions for individuals enrolled in degree-granting programs. The credit would be for 50% of tuition expenses. Unused credit amounts could be carried forward for use in offsetting income tax in future years.

Corporations and insurers may claim the credit; partnerships, limited liability companies, and tax option companies compute the credit and pass it on to partners, members and shareholders in proportion to their ownership interests. Sole proprietorships may not claim the credit.

Qualified postsecondary institutions are the University of Wisconsin System institutions, technical college system institutions and any regionally accredited four-year nonprofit college or university having regional headquarters and principal place of business in Wisconsin. Degree granting programs are defined to include any program for which an associate, bachelor's or graduate degree is awarded.

Based on information from the University of Wisconsin System, the Wisconsin Technical College System and the U.S. Office of Management and Budget, it is estimated that Wisconsin employers provide \$24 million in tuition expenses for employees and other scholarships annually. Of this amount, \$12 million would be subject to credit (\$24 million x 50%). Based on Department of Revenue data, approximately 75% of credits claimed in a tax year are actually used. Therefore, it is estimated that the fiscal effect of this provision would be to reduce income tax revenues by \$9 million annually (\$12 million x 75%).

The Department estimates that 1.20 FTE would be required to administer the program and increased annual costs would be \$49,500. There would also be one-time administrative costs of \$101,600 to implement the program. The bill does not provide funding for those costs.

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Pam Walgren, (608) 266-7817	Yeang-Eng Braun <i>Yeang-Eng Braun</i> (608) 266-2700	4/26/99

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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

one-time costs of \$101,600

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$ 44,400	\$ -
(FTE Position Changes)	(1.20 FTE)	(- FTE)
State Operations-Other Costs	5,100	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 49,500	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 49,500	\$ -
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	\$	\$ - 9,000,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS	\$ 49,500	\$
NET CHANGE IN REVENUES	\$ - 9,000,000	\$

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