

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -3037/4

INTRODUCTION # AB 354

Admin. Rule #

Subject

Funding of Earned Income Tax Credit (Provisions Affecting Department of Revenue 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

20.835 (2)(f), (kf)

Assumptions Used in Arriving at Fiscal Estimate:

The bill would create a new appropriation that would use \$58 million of federal funds to finance the refundable earned income tax credit (EITC) in FY99. The new appropriation would be repealed at the beginning of FY00.

Using federal funds, from the federal Temporary Assistance to Needy Families block grant, would reduce the amount of general purpose revenue needed to finance the EITC in FY99. The current estimate of the GPR appropriation for the EITC in FY99 is \$72.5 million. This appropriation would be reduced to \$14.5 million by the bill.

In addition, nonstatutory language provides a transfer from the general fund to the property tax relief fund of \$33.7 million.

An estimate of the effect of this bill on Department of Revenue operations is not yet available.

Long-Range Fiscal Implications:

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