



## Fiscal Estimate Narratives

DOR 8/14/01

LRB Number	01-0997/3	Introduction Number	AB-459	Estimate Type	Original
<b>Subject</b>					
Compiled privacy bill					

### Assumptions Used in Arriving at Fiscal Estimate

The bill creates a nonrefundable credit against income and franchise tax equal to 50% of the amount paid for information technology training at a qualified institution, up to \$2,500 per individual receiving the training per tax year. A qualified institution is any university, college, technical college or other school approved by the Veterans Affairs Educational Approval Board, and must include information on privacy rights and information policy.

The credit is available for individuals and businesses, including expenditures for training of spouses, dependents and employees. Partnerships, limited liability companies and tax-option companies would pass the credit on to partners, members and shareholders in proportion to their ownership interest in the entity.

The amount of the credit must be added back to taxable income if the individual receiving the credit is not employed in the state in an occupation related to information technology within one year after the individual completes training, or if the individual is employed in an occupation relating to information technology for less than one year.

This estimate is based on the cost of tuition and current enrollment in information technology programs at the University of Wisconsin and the Wisconsin Technical College System. Assumptions based on total enrollment and tuition information are made for private colleges and universities in the state. Using these assumptions, it is estimated that \$40 million would be spent annually on tuition for information technology programs. The Department estimates that 75% of credits claimed in a year are actually used. As a result, the annual fiscal effect would be \$15 million ( $\$40 \times 50\% \times 75\%$ ).

This estimate likely understates the actual revenue loss that would be attributable to the credit because it does not include courses offered by other independent providers and does not cover courses taken by students not enrolled in an information technology program. Data are not readily available to estimate the fiscal effect of information technology training at all institutions covered by the credit. Further, the fiscal effect would be substantially higher if the credit were determined to cover training that is not part of an established program and if it included costs in addition to tuition.

The Department estimates its costs to administer the credit would be \$16,400 annually; the bill does not provide funding for these costs.

In addition, this bill requires state agencies to prepare privacy impact statements in bills impacting on personal privacy and requires state agencies to limit access to social security numbers on records to which they provide access. These changes will affect the Department's administration of tax law, but additional costs can be absorbed.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> 01-0997/3	<b>Introduction Number</b> AB-459	
<b>Subject</b> Compiled privacy bill		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes (FTE Position Changes)	\$	
State Operations - Other Costs	16,400	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$16,400</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR	16,400	
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>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-15,000,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-15,000,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$16,400	\$
NET CHANGE IN REVENUE	\$-15,000,000	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
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