

Fiscal Estimate Narratives
DOR 2/19/2004

LRB Number	03-3856/1	Introduction Number	AB-816	Estimate Type	Original
Subject					
Refundable individual income tax credit for parents of children who attend private schools					

Assumptions Used in Arriving at Fiscal Estimate

This bill would create a refundable individual income tax credit for parents for each of the claimant's dependents who are enrolled in a private K-12 institution in the state. The amount of the credit is equal to \$500 for each eligible dependent up to a maximum annual claim of \$1,500. The amount of credit allowed for part-year residents or nonresidents is reduced to the credit amount multiplied by the ratio of the claimant's Wisconsin adjusted gross income to federal adjusted gross income. In the case of married separate filers, each spouse may claim a credit, but the total amount claimed by both spouses may not exceed \$1,500.

According to the 1999-2000 Private School Survey, 67,000 students were enrolled in K-12 Wisconsin private schools in the 1999-2000 academic year. If claimants receive a credit of \$500 for each of the 67,000 students, this bill would reduce state income tax revenues by \$33.5 million ($\$500 \times 67,000$). While the fiscal effect may be reduced because of the \$1,500 maximum annual claim and the proration of claims by part-year residents or nonresidents, it is unlikely to be a substantial reduction -- the \$1,500 maximum implies three dependents and the average number of children per family is less than three.

The Department of Revenue would incur one-time programming costs of \$55,000 due to changes to the tax form and ongoing costs of \$93,000 including 2.5 FTE, for additional processing workload. The additional processing work required by the bill would include costs related to processing an additional line on Forms 1, 1A and 1NPR, issuance of additional refund checks for persons who currently have a balance due or owe no tax, and intercepting refunds to offset state agency and local government debts.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Refundable individual income tax credit for parents of children who attend private schools			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
+\$55,000 of one-time programming costs due to a required change in tax forms.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$93,000	
(FTE Position Changes)		(2.5 FTE)	
State Operations - Other Costs		17,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$110,000	\$
B. State Costs by Source of Funds			
GPR		110,000	
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		\$	\$-33,500,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-33,500,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$110,000	\$
NET CHANGE IN REVENUE		\$-33,500,000	\$
Agency/Prepared By		Authorized Signature	Date
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