

Fiscal Estimate Narratives

DOR 1/23/2008

LRB Number	07-3613/1	Introduction Number	SB-395	Estimate Type	Original
Description This bill creates an individual income tax deduction for an amount of up to \$250 that is paid by an eligible educator for educational materials or supplies for use in a public, private, or tribal school, or a charter school.					

Assumptions Used in Arriving at Fiscal Estimate

Current federal law allows a deduction from gross income for up to \$250 of qualified expenses paid by an eligible educator through tax year 2007. Since the Wisconsin definition of the Internal Revenue Code does not allow the deduction for purposes of calculating Wisconsin state income tax, claimants must add this deduction back for Wisconsin purposes for tax year 2007.

This bill updates the Wisconsin definition of the Internal Revenue Code to allow the educator expenses deduction for Wisconsin for taxable years beginning after December 31, 2008. The bill also creates a Wisconsin individual income tax deduction, effective beginning in tax year 2009, for an amount of up to \$250 that is paid by a classroom teacher for educational materials or supplies for use in a public or private school. The Wisconsin deduction does not apply for years in which the federal deduction is available.

Based on a simulation using the 2005 Individual Income Tax Sample inflated to 2009 income levels and law, it is estimated that the bill will reduce revenue by \$1.3 million in fiscal year 2010.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
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, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-1,300,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-1,300,000
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-1,300,000	\$
Agency/Prepared By		
Authorized Signature		Date
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		1/23/2008