

### Fiscal Estimate - 2007 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 07-1771/1		<b>Introduction Number</b> AB-0601	
<b>Description</b> Creating a nonrefundable individual income tax credit for individuals who earn an associate's or bachelor's degree			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785	
		<b>Date</b>	
		12/17/2007	

## Fiscal Estimate Narratives

DOR 12/17/2007

LRB Number	<b>07-1771/1</b>	Introduction Number	<b>AB-0601</b>	Estimate Type	<b>Original</b>
<b>Description</b> Creating a nonrefundable individual income tax credit for individuals who earn an associate's or bachelor's degree					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual income tax credit equal to the wages, salaries, and tips received by an individual who has recently earned an associate's or bachelor's degree at an accredited college or university.

For an individual who has received an associate's degree, the credit may be claimed for two consecutive years, beginning with the taxable year after the year in which the degree was received. For an individual who has received a bachelor's degree, the credit may be claimed for four consecutive years.

If the individual receives a bachelor's degree and has already claimed the credit for two years because of a prior associate's degree, the claimant may only claim the credit for two additional years. No individual may claim the credit for more than four years and the credit is not available to nonresidents or part-year residents.

Data related to educational attainment and graduation dates are not available at the taxpayer level, however, the 2005 Individual Income Tax Model contains taxpayer ages. According to the U.S. Census Bureau, in the Midwest, approximately 31% of individuals between the ages of 25 and 34 had a bachelor's degree or higher in 2006. Similarly, 11% of individuals had an associate's degree. Although many of these individuals are not within the first two or four years of graduation, the numbers are an indicator of the share of the current college-age population who will obtain a degree.

Using the 2005 Individual Income Tax Model's age data as a proxy for recent graduation, it is estimated that about 60,000 individuals will claim the credit and revenue will decrease by approximately \$87 million to \$99 million annually.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> Creating a nonrefundable individual income tax credit for individuals who earn an associate's or bachelor's degree			
<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			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
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		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$SeeText	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Bradley Caruth (608) 261-8984		Rebecca Boldt (608) 266-6785	
		<b>Date</b>	
		12/17/2007	