Fiscal Estimate - 2009 Session

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DOR/ Bradley Caruth (608) 261-8984 Rebe				Rebecca Bol	ecca Boldt (608) 266-6785 3/2/2009			

Fiscal Estimate Narratives DOR 3/2/2009

LRB Number 09-0413/2	Introduction Number	AB-0099	Estimate Type	Original			
Description Adopting federal law as it relates to an income tax deduction for certain educators and creating an individual income tax deduction for educators who use their own funds to purchase classroom educational supplies							

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 2009. 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 2008.

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, it is estimated that the bill will reduce revenue by \$1.4 million annually beginning in fiscal year 2010.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

	Original		Updated			Corrected		Supplemental		
LRB	Number	09-0413	/2		Intro	duction N	umber	AB-0099		
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DOR/ Bradley Caruth (608) 261-8984 Ret				Rebe	becca Boldt (608) 266-6785			3/2/2009		