



## Fiscal Estimate Narratives

DOR 3/20/2014

LRB Number	13-3902/2	Introduction Number	SB-676	Estimate Type	Original
<b>Description</b> Education and training under Wisconsin Works; reducing Wisconsin Works benefits; a minimum copayment, maximum child care hours, and reducing income based on marriage for eligibility under Wisconsin Shares; changes to the food stamp program relating to financial eligibility for benefits, allowing an election to reduce benefits, recouping unused benefits, and prohibiting supplier discounts; prohibiting advertising concerning means-tested public assistance on radio or television; requiring consideration of the income and assets of all individuals in a household for purposes of eligibility for any means-tested public assistance; eligibility requirements for persons or families of low and moderate income to receive certain housing, housing assistance, grants, loans, or benefits from the Wisconsin Housing and Economic Development Authority, the Department of Administration, and local housing authorities; reducing the authority of local housing authorities; eligibility requirement for purposes of receiving low-income energy assistance; prohibiting new claims under the earned income tax credit; limiting eligibility for the homestead tax credit; elimination of certain grant programs administered by the Higher Educational Aids Board and transfer of the unencumbered balances in the appropriations for those programs to the University of Wisconsin System for the purpose of tuition reduction; consideration of the income and assets of both parents of a student under 22 years of age for purposes of awarding a grant or scholarship to such a student and the permissible uses of grant or scholarship moneys awarded; income eligibility requirements for enrollment in a private school participating in a parental choice program; the school lunch program; and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

This bill includes a number of provisions related to Wisconsin Works, Wisconsin Shares, FoodShare, means-tested public assistance, low-income energy assistance, low-income housing assistance, the earned income tax credit, the homestead tax credit, local housing authorities, the parental choice program, the school lunch program, and higher education grants and scholarships. This fiscal estimate specifically pertains to the earned income tax credit and the homestead tax credit, as they are the portions of the bill that are directly administered by the Department of Revenue.

The bill provides that no new claims for the earned income tax credit may be filed for taxable years beginning after December 31, 2014. Beginning after December 31, 2014, the bill also limits the homestead tax credit to claimants who are 55 years of age or over at the close of the year to which the claim relates.

The elimination of the state earned income tax credit will reduce the related appropriations by approximately \$98.4 million annually, beginning in fiscal year 2016. The eligibility restriction on the homestead tax credit will reduce the related appropriation by approximately \$61.5 million annually, beginning in fiscal year 2016. Combined, the two credit changes will reduce expenses by approximately \$159.9 million annually, beginning in fiscal year 2016.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<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	-159,900,000
<b>TOTAL State Costs by Category</b>	<b>\$ -159,900,000</b>
<b>B. State Costs by Source of Funds</b>	
GPR	-97,400,000
FED	
PRO/PRS (20.835(2)(kf))	-62,500,000
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		
TOTAL State Revenues	\$	\$
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$-159,900,000	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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