

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|-----------------------------|-----------------------------------|
| LRB Number 17-4707/1 | Introduction Number SB-528 |
|-----------------------------|-----------------------------------|

Description
 creating a nonrefundable individual income tax credit for certain expenses incurred by a family caregiver to assist a qualified family member

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs
 - 2. Decrease Costs
 - 3. Increase Revenue
 - 4. Decrease Revenue
- Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others 0
 - School Districts WTCS Districts

| | |
|---|---------------------------------------|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <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 | |

| | | |
|------------------------------------|-----------------------------|-------------|
| Agency/Prepared By | Authorized Signature | Date |
| DOR/ Bradley Caruth (608) 261-8984 | Jamie Adams (608) 266-6785 | 11/9/2017 |

Fiscal Estimate Narratives

DOR 11/9/2017

| | | | | | |
|---|-----------|---------------------|--------|---------------|----------|
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| Description creating a nonrefundable individual income tax credit for certain expenses incurred by a family caregiver to assist a qualified family member | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual income tax credit for qualified expenses incurred by a family caregiver to assist a qualified family member. A caregiver may claim 50% of the qualified expenses they paid in the year up to a maximum credit of \$1,000 per qualified family member.

Qualified expenses include amounts spent to improve the caregiver's primary residence to assist the family member, on equipment to help the family member with daily living activities, and on obtaining other goods or services to help the claimant care for the family member. Generally, qualified expenses may not include general food, clothing, transportation, or household repair costs, or amounts that are paid or reimbursed by an insurance company or the government.

Caregivers who are single or married and filing separately may not claim the credit if their Wisconsin adjusted gross income exceeds \$75,000. Married caregivers filing jointly may not claim the credit if their Wisconsin adjusted gross income exceeds \$150,000.

According to The 2015 Caregiving in the U.S. Report prepared by the National Alliance for Caregiving and the AARP Public Policy Institute, there are about 43.5 million unpaid adult caregivers in the U.S.. Approximately 39.8 million caregivers provide care to adults and about 85% of caregivers are related to the recipient. Another 23% of caregivers have household income above \$100,000. Using that as a proxy for the income limitation in the bill, it reduces the eligible U.S. population of caregivers to 26 million. Wisconsin accounts for about 1.8% of the U.S. population, so if caregivers in the state are proportionally represented, there are approximately 465,000 state caregivers providing care to adult relatives and having income below the claimant threshold.

The AARP Family Caregiving and Out-of-Pocket Costs: 2016 Report, indicates that about 78% of caregivers are incurring out-of-pocket costs as a result of caregiving, suggesting that about 363,000 individuals would be eligible for the credit under this bill. The report also indicates that the average out-of-pocket expenses reflect about 20% of the caregivers' income. A simulation using the 2015 individual income tax model, suggests that the average credit under these circumstances would reduce revenue by about \$494 per claimant, or \$179 million for 363,000 claimants. To the extent that the bill limits the types of expenses that qualify for the credit, the fiscal effect would be smaller.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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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, etc.) | | |
| | Increased Rev | Decreased Rev |
| GPR Taxes | \$ | \$ |
| GPR Earned | | |
| FED | | |
| PRO/PRS | | |
| SEG/SEG-S | | |
| TOTAL State Revenues | \$ | \$ |
| NET ANNUALIZED FISCAL IMPACT | | |
| | <u>State</u> | <u>Local</u> |
| NET CHANGE IN COSTS | \$ | \$ |
| NET CHANGE IN REVENUE | \$See Text | \$ |
| Agency/Prepared By | | |
| Authorized Signature | | Date |
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| | | 11/9/2017 |