

Fiscal Estimate - 2019 Session

- Original
 Updated
 Corrected
 Supplemental

LRB Number **19-0768/1** Introduction Number **SB-126**

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
 - Permissive Mandatory
 - Permissive Mandatory
 - 3. Increase Revenue
 - 4. Decrease Revenue
 - Permissive Mandatory
 - Permissive Mandatory
5. Types of Local Government Units Affected
- Towns
 - Counties
 - School Districts
 - Village
 - Others
 - WTCS Districts
 - Cities

Fund Sources Affected

Affected Ch. 20 Appropriations

- GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Jamie Adams (608) 266-6785	3/26/2019

Fiscal Estimate Narratives

DOR 3/26/2019

LRB Number	19-0768/1	Introduction Number	SB-126	Estimate Type	Original
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. If multiple claimants care for the same qualified family member and would otherwise exceed the \$1,000 credit, it is allocated in proportion to the claimants' expenses.

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 and limits the credit when multiple claimants care for the same qualified family member, the above calculation overstates the fiscal effect. Moreover, this estimate is limited to the revenue effect of the tax credit and does not address implications related to medical assistance spending.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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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.			
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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