

Fiscal Estimate - 2019 Session

Original Updated Corrected Supplemental

LRB Number 19-4456/1		Introduction Number SB-472	
Description creating a program for reimbursing the higher education debt of beginning farmers, creating an individual income tax deduction for certain amounts received from such a program, granting rule-making authority, making an appropriation, and providing a penalty			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts	<input type="checkbox"/> 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		20.235(1)(em)	
Agency/Prepared By		Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984		Robert Schmidt (608) 266-5773	10/11/2019

Fiscal Estimate Narratives

DOR 10/11/2019

LRB Number	19-4456/1	Introduction Number	SB-472	Estimate Type	Original
Description creating a program for reimbursing the higher education debt of beginning farmers, creating an individual income tax deduction for certain amounts received from such a program, granting rule-making authority, making an appropriation, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Agriculture, Trade and Consumer Protection to establish a program for the Higher Educational Aids Board to reimburse beginning farmers for certain higher educational debt.

The bill defines "beginning farmer" as an individual who:

- manages a farm or a component of a farm in this state as their primary occupation;
- has produced farm products for no more than ten consecutive years; and
- at the time he or she first applies for reimbursement, has an annual adjusted gross income that is not more than 500% of the federal poverty guidelines.

The individual must also be a state resident who:

- graduated from an accredited public or nonprofit institution with an associate or baccalaureate degree;
- completed a farm and industry short course offered by the University of Wisconsin System; or
- obtained a technical college diploma or certificate in agriculture or a field related to agriculture.

The bill appropriates up to \$120,000 for the educational debt reimbursement program in FY20, \$240,000 in FY21, \$360,000 in FY22, \$480,000 in FY23, and \$600,000 each year beginning in FY24. As it pertains to the Department of Revenue and the individual income tax, the bill creates a deduction for payments made to an individual under the program. It also creates an addition that requires individuals to add back the federal student loan interest deduction to the extent that it was reimbursed under the program.

The deduction and partially offsetting addition are expected to result in a minimal annual revenue loss beginning in FY21.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
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Description creating a program for reimbursing the higher education debt of beginning farmers, creating an individual income tax deduction for certain amounts received from such a program, granting rule-making authority, making an appropriation, and providing a penalty			
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		\$Minimal	\$

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Robert Schmidt (608) 266-5773

Date

10/11/2019