

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-3260/1	Introduction Number AB-0385
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Description
 refundable income tax credit for bicycle purchases and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others 0 <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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	20.835 (2) (er)

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Jamie Adams (608) 266-6785	Date 6/7/2021
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Fiscal Estimate Narratives

DOR 6/7/2021

LRB Number	21-3260/1	Introduction Number	AB-0385	Estimate Type	Original
Description refundable income tax credit for bicycle purchases and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a refundable tax credit for individuals who purchase bicycles for their dependents. The credit is equal to the price paid for each bicycle, up to \$200 per dependent. The credit may be claimed only by individuals whose family income does not exceed 200% of the federal poverty line. Under the bill, the individual must submit with his or her tax return any documentation required by the Department of Revenue regarding the bicycle's purchase price.

According to the National Bicycle Dealers Association the average U.S. bicycle unit sales from 2010 to 2015 was approximately 17.6 million units per year. If Wisconsin's share of bicycle sales aligns with its share of the U.S. population, that implies approximately 312,000 Wisconsin bicycle sales per year. In 2018, dependents claimed on Wisconsin returns with income below 200% of the federal poverty line accounted for approximately 9.6% of the state population. If these dependents accounted for a proportionate share of Wisconsin bicycle sales, they would account for approximately 30,000 bicycles per year. Based on 30,000 qualifying bicycle purchases, the bill could increase expenditures by up to \$6 million per year beginning in fiscal year 2022.

To the extent that dependents in families with income below 200% of the poverty line are underrepresented in Wisconsin bicycle sales, the fiscal effect would be smaller. Conversely, to the extent that the bill incentivizes additional purchases, the fiscal effect could be larger.

The Department anticipates one-time costs of \$13,560 and ongoing costs of \$6,860 to implement the provisions of the bill. These costs cannot be absorbed with existing resources.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 21-3260/1	Introduction Number AB-0385	
Description refundable income tax credit for bicycle purchases and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The Department anticipates one-time costs of \$13,560 and ongoing costs of \$6,860 to implement the provisions of the bill.		
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	\$See Text	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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