

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-6219/1	Introduction Number SB-1068
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Description
 hazard pay grant program, an income tax subtraction for hazard pay, special education aid and UW System funding, granting rule-making authority, 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"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input 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 <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	20.445 (1) (a)

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Ann DeGarmo (608) 266-7179	3/15/2022

Fiscal Estimate Narratives

DOR 3/15/2022

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Description hazard pay grant program, an income tax subtraction for hazard pay, special education aid and UW System funding, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Workforce Development to create and administer a grant program to provide hazard pay to certain employees who perform hazardous work or work involving physical hardship during the COVID-19 pandemic after March 12, 2020. The bill also requires DWD to notify employers about the grant program and to prioritize grants to employers in industries that are most negatively affected by the pandemic. The maximum grant an employer may receive for hazard pay is \$13 per hour worked per employee, and if an employer receives a grant the employer is required to use it to provide the hazard pay.

The bill also creates an individual income tax subtraction, or deduction, for up to \$600 of hazard pay received by an employee from an employer that receives a hazard pay grant. As it pertains to the Department of Revenue, this fiscal note focuses on the revenue impact of the individual income tax subtraction.

The bill includes an appropriation of \$150 million in fiscal year 2022 and another \$150 million in fiscal year 2023 for the purpose of hazard pay grants. It is unclear how many employers will apply for grants or the extent to which DWD will be able to award \$150 million of grants during the remainder of the current fiscal year. However, at most, all \$150 million is eligible for an income tax subtraction and the bill could reduce individual income tax revenue by as much as \$6 million (\$150 million x 4% average marginal tax rate) in fiscal years 2023 and 2024.

To the extent that less than the full amount of the grants are allocated, or that a portion of the grants are awarded to employees in amounts exceeding the \$600 subtraction maximum, the fiscal effect will be smaller. For example, if \$150 million is awarded to 100,000 employees in such a way that each employee claims the maximum \$600 subtraction, the fiscal effect of the income tax subtraction would be approximately \$2.4 million (\$600 x 4% x 100,000 claimants).

DOR anticipates absorbing minimal administrative costs to implement the income tax subtraction in this bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 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			
DOR/ Bradley Caruth (608) 261-8984		Authorized Signature	
		Ann DeGarmo (608) 266-7179	
			Date
			3/15/2022