

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-5877/1	Introduction Number SB-956
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Description
 The additional child and dependent care tax credit, a rebate for individual residents, and a family caregiver tax credit; various changes to statutes related to elementary and secondary education in this state; increasing funding for the University of Wisconsin System, technical college system, special education, general equalization aids, and per pupil aid; 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 checked="" 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 checked="" type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	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	<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

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) (cd)

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Ann DeGarmo (608) 266-7179	Date 2/17/2022
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Fiscal Estimate Narratives

DOR 2/17/2022

LRB Number	21-5877/1	Introduction Number	SB-956	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

This bill makes various changes to laws related to general school aids and various categorical aid programs; provides additional funding for general school aids and various categorical aid programs and for higher education; and makes changes to, and creates additional, programs administered by the Department of Public Instruction. The bill also creates a family caregiver individual income tax credit, increases the amount of the additional child and dependent care tax credit, and provides a tax rebate to all residents of this state.

This fiscal note specifically focuses on items pertaining to the Department of Revenue.

TAX REBATE

This bill provides a onetime rebate to full-year residents and part-year residents of this state. The rebate is equal to \$150, multiplied by the number of personal exemptions claimed on the resident's Wisconsin individual income tax return. If a resident files a Wisconsin tax return for 2021, the Department of Revenue will issue a rebate to that resident without the resident having to take any further action. If a resident does not file a Wisconsin tax return for 2021 on or before the due date, because he or she is filing for an extension or because he or she is not required to file a return, he or she may file a claim for the rebate with DOR by using a portal on DOR's Internet site. For a resident who does not file a tax return for 2021, the rebate is equal to \$150, multiplied by the number of personal exemptions that the resident could have claimed on his or her Wisconsin individual income tax return. Under the bill, DOR certifies to the Department of Administration the amount of the rebate for each eligible resident and DOA makes the payments beginning on July 15, 2022.

DOR estimates that the total onetime payments to individuals under this provision will be approximately \$816 million in fiscal year 2023.

FAMILY CAREGIVER TAX CREDIT

The bill creates an income tax credit for individuals who pay for items that directly relate to the care or support of a family member who requires assistance with one or more daily living activities and is over the age of 18. The credit equals 50 percent of the expenses, limited to a maximum annual credit per family member of \$500, or \$250 for married spouses filing separately. If more than one individual may claim the credit based on the same family member, the maximum annual credit amount is apportioned among the individuals based on expenses paid. For married couples filing jointly, the credit phases out between federal adjusted gross income (AGI) of \$150,000 and \$170,000, and no credit may be claimed if federal AGI exceeds \$170,000. For all other taxpayers, the phase out range is between federal AGI of \$75,000 and \$85,000, and no credit may be claimed if federal AGI exceeds \$85,000. Under the bill, expenses that qualify for the credit include amounts spent on improving the claimant's primary residence to assist the family member, purchasing equipment to help the family member with daily living activities, and obtaining other goods or services to help care for the family member. Expenses that do not qualify for the credit include general food, clothing, transportation, and household repair costs, as well as amounts that are reimbursed by insurance or other means. The credit is nonrefundable, which means it may be claimed only up to the amount of the claimant's tax liability.

DOR estimates that the credit will reduce revenue by approximately \$102.5 million annually beginning in fiscal year 2023.

ADDITIONAL CHILD AND DEPENDENT CARE TAX CREDIT

Under current law, an individual who is eligible for and claims the federal child and dependent care income tax credit may claim 50 percent of the same amount as a nonrefundable credit on his or her Wisconsin income tax return. The Wisconsin credit may not be claimed by a part-year resident or nonresident of this state. Under the bill, an individual who is eligible for and claims the federal child and dependent care income tax credit may claim 100 percent of the same amount as a nonrefundable credit on his or her Wisconsin income tax return.

DOR estimates that the credit increase will reduce revenue by approximately \$29.3 million annually beginning in fiscal year 2023.

ADMINISTRATIVE COSTS

DOR anticipates absorbing \$117,220 in one-time costs to administer the bill. These costs include systems testing and development, staff training, and processing of new claims.

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	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Ann DeGarmo (608) 266-7179	2/17/2022