

Fiscal Estimate - 2025 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 25-0088/1	Introduction Number SB-0020
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Description
 allowing certain married persons to claim the earned income tax credit when filing a separate return

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" 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		
<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"/> 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
<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)(f), 20.835(2)(kf)

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173	2/12/2025

Fiscal Estimate Narratives

DOR 2/12/2025

LRB Number	25-0088/1	Introduction Number	SB-0020	Estimate Type	Original
Description allowing certain married persons to claim the earned income tax credit when filing a separate return					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Wisconsin earned income tax credit is equal to a percentage of the federal earned income tax credit. Generally, a married claimant must file a joint return to claim both the Wisconsin EITC and the federal EITC. This bill allows a married claimant to file a separate return to claim the Wisconsin EITC if the claimant lives apart from their spouse when filing the return and is unable to file a joint return because of domestic abuse.

The bill defines "domestic abuse" as 1) intentional infliction of physical pain, injury, or illness; 2) intentional impairment of physical condition; 3) first-, second-, or third-degree sexual assault; or 4) a physical act that may cause reasonable fear of imminent engagement in any of the conduct listed above.

Under the bill, the amount of the Wisconsin EITC is equal to the amount that the claimant would be eligible to claim if the claimant were considered unmarried.

Based on tax year 2021 return data, DOR estimates that individuals who use the married filing separate filing status would have been eligible for approximately \$1.4 million in Wisconsin EITC based on their earnings and dependents. DOR has no way to identify which of these individuals are living apart from their spouses and are unable to file joint returns because of domestic abuse. As a result, the precise fiscal effect of the bill is unknown.

The U.S. Department of Justice, 2011 National Survey of Children's Exposure to Violence indicated that 6.6% of children are exposed to physical intimate partner violence each year. As an example, if 6.6% of the \$1.4 million of potentially eligible married filing separate claims is attributable to individuals who are living apart from their spouses and are unable to file joint returns because of domestic abuse, the bill could result in approximately \$92,000 in additional state EITC claims each year.

The actual share of the married individuals filing separately because of domestic abuse may be higher or lower than the share of children who are exposed to intimate partner violence. To the extent that the share is higher or lower, the resulting fiscal effect of the bill would also be higher or lower.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

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Description allowing certain married persons to claim the earned income tax credit when filing a separate return		
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	\$See Text	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
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