



## Fiscal Estimate Narratives

DOR 10/10/2011

LRB Number	11-1112/2	Introduction Number	SB-210	Estimate Type	Original
<b>Description</b> Creating a nonrefundable individual income tax credit for certain amounts paid for amino acid-based elemental formula					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable individual income tax credit equal to 50% of the amount spent by a claimant for amino acid-based elemental formula. In order to be eligible for the credit a claimant must be directed by a licensed physician to use an elemental formula and the expense for the formula cannot be otherwise reimbursed. The credit is limited to \$5,000 for each treated individual. Part-year residents and nonresidents may claim a prorated credit.

Amino acid-based elemental formula is generally recommended for certain allergies and digestive issues in which the child receiving the formula is unable to tolerate both soy and milk proteins. According to the Children's Milk Allergy and Gastrointestinal Coalition, an advocacy group, approximately 0.1% of children under five receive amino acid-based elemental formula. Based on the number of dependents claimed by Wisconsin taxpayers, that translate to approximately 458 eligible children. If it is assumed that 40% of the claimants are otherwise reimbursed, there would be an estimated 275 claimants.

The coalition also estimates the average annual cost of amino acid-based elemental formula at \$5,075 per year in 2006. Adjusting for inflation, the comparable 2012 cost is \$5,744, so the 50% credit would be \$2,872 on average. In 2009 approximately 85% of total non-refundable credits were used to offset tax liability, implying an average used credit of \$2,441.

Based on the average used credit of \$2,441 and an estimated 275 claimants, the bill is expected to result in an annual revenue loss of approximately \$670,000.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

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<b>Description</b> Creating a nonrefundable individual income tax credit for certain amounts paid for amino acid-based elemental formula			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-670,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-670,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-670,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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