

Fiscal Estimate - 2023 Session

Original Updated Corrected Supplemental

LRB Number 23-5783/1	Introduction Number SB-1076
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Description
 creating WisEARNs 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 checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Costs
<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		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<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	

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	

Agency/Prepared By DOR/ Zach Petersen (608) 267-2428	Authorized Signature Michael Oakleaf (608) 261-5173	Date 3/4/2024
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Fiscal Estimate Narratives

DOR 3/4/2024

LRB Number	23-5783/1	Introduction Number	SB-1076	Estimate Type	Original
Description creating WisEARNs and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This fiscal estimate pertains only to the income and franchise tax credits created in the bill.

The bill creates a program called "WisEarns" to provide a defined contribution retirement savings plan for employees of private employers in this state that do not offer an employer-sponsored retirement plan or that do not offer such a plan to all employees.

The bill creates a WisEARNs Board that is attached to the Office of the State Treasurer. Under the bill, the board consists of the following nine members: the state treasurer or their designee; the secretary of financial institutions or their designee; two members appointed by the governor; two members appointed, respectively, by the speaker of the assembly and president of the senate; one member appointed by the state treasurer; one member appointed by the State of Wisconsin Investment Board; and one member appointed by the other members. The bill requires certain members to possess specified attributes or experience, and all members except the state treasurer and secretary of financial institutions, or their designees, serve four-year terms.

Under the bill, the board is required to establish the savings plan under which the employees may contribute to retirement savings accounts through payroll deductions. Before establishing the plan, the board must conduct a legal analysis of the applicability of the Internal Revenue Code and the Employee Retirement Income Security Act of 1974 to the proposed plan, and must issue a request for information from prospective vendors of a variety of defined-contribution retirement accounts authorized under the Internal Revenue Code.

The bill creates two income and franchise tax credits that may be claimed by small businesses that have 100 or fewer employees who received at least \$5,000 in compensation during the preceding year. Both credits are based on similar federal tax credits. The first credit may be claimed by small businesses for the costs of setting up and administering a retirement plan and educating employees about the plan. The credit is 50 percent of the costs, limited to the greater of \$500 or the lesser of \$5,000 or \$250 multiplied by the number of non-highly compensated employees who are eligible to participate in the plan. The credit may be claimed for three consecutive years and may not be claimed for any costs that were deducted under federal law. The second credit may be claimed by small businesses that provide for automatic enrollment in their retirement plans. The credit is \$500 and may be claimed for three consecutive years, beginning with the year in which the small business first provides for automatic enrollment.

Fiscal Estimate

Based on Internal Revenue Service data relating to the usage of the federal credit for tax year 2021, the bill will decrease revenue by a minimal amount.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description creating WisEARNs 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 bill will have a one-time cost of \$65,540 for forms and instructions updates and software development.		
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	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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		3/4/2024