

Fiscal Estimate Narratives

DOR 10/26/2005

LRB Number	05-1969/4	Introduction Number	AB-735	Estimate Type	Original
Subject					
Sales and use tax exemption for expanded polystyrene forms used in construction					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a nonrefundable income and franchise tax credit equal to the amount of sales and use taxes paid on the purchase of insulating concrete forms used in construction of buildings. An insulating concrete form is a hollow expandable polystyrene form that is filled with concrete. Unused credit amounts could be carried forward for 15 years for use in offsetting tax in those years.

Partnerships, limited liability companies and tax-option corporations may not claim the credit, but would compute the credit for their partners, members and shareholders to claim in proportion to their ownership interest.

Based on information from the Insulated Concrete Form Association, approximately \$300,000 are paid annually for sales tax on qualifying purchases of insulating concrete forms. The department estimates that approximately 75% of credits claimed in a year are used to offset tax liability in that year. As such, the credit would reduce tax revenues by an estimated \$244,000 annually ($\$300,000 \times 75\%$).

The Department anticipates one-time costs of \$18,900 for computer programming. The bill does not provide funding for these costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Sales and use tax exemption for expanded polystyrene forms used in construction			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The Department anticipates one-time costs of \$18,900 for computer programming.			
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, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$-244,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-244,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-244,000	\$
Agency/Prepared By		Authorized Signature	Date
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