

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3688/1	Introduction Number SB-483	
Description An income and franchise tax credit for sales and use taxes paid on the purchase of Internet equipment used in the broadband market		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <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"/> 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	Authorized Signature	Date
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5. Types of Local Government Units Affected
 Towns Village Cities
 Counties Others
 School Districts WTCS Districts

Fiscal Estimate Narratives

DOR 1/4/2006

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Description An income and franchise tax credit for sales and use taxes paid on the purchase of Internet equipment used in the broadband market					

Assumptions Used in Arriving at Fiscal Estimate

The draft would create a nonrefundable income and franchise tax credit for the amount of state, county and stadium sales and use taxes paid on the purchase of internet equipment used to provide broadband availability to areas of the state that are not served by a broadband service provider or are served by not more than one service provider, as determined by the Department of Commerce. Unused credits would be carried forward for 15 years for use in offsetting future tax liability.

Commerce would certify each business as eligible for a certain amount of credits. Total credits could not exceed \$7.5 million. Commerce would have 7 months to complete certifications and determinations and would submit them to the Joint Committee on Finance, which could schedule a meeting to review the recommendations. The Department of Revenue would be notified of the certifications and determinations.

Claimants would have to certify to Commerce that:

- they would make an investment within 24 months of the effective date of the act that would be reasonably calculated to increase internet availability in the state, and
- the amount of investment would equal at least 20% of the amount the claimant paid in sales and use taxes and county and stadium taxes on the purchase of internet equipment during the 12 month period beginning on the effective date of the act.

Claimants would be required to file a detailed report with the Department of Administration describing the investment. Administration would be required to share the report with the Departments of Revenue and Commerce and the Public Service Commission.

Telecommunications, cable television, satellite and wireless communications companies would be eligible for the credit. Based on telecommunications company property tax returns, telecommunications companies paid \$26 million in sales taxes in 2003 and \$16 million in 2004 on central office equipment, which is generally broadband equipment, and antennas. As a result, the \$7.5 million of credit would probably be used in the first year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description An income and franchise tax credit for sales and use taxes paid on the purchase of Internet equipment used in the broadband market			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The bill would have a one-time fiscal effect that would reduce revenues by \$7.5 million.			
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			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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