

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4491/1	Introduction Number SB-534
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Description
 Creating an individual and corporate income tax exemption for interest on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority for purposes related to the purchase of information technology equipment by health facilities

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input checked="" 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"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue		<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

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 WHEFA/ Larry Nines (262) 792-0466	Authorized Signature Larry Nines (262) 792-0466	Date 2/3/2006
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Fiscal Estimate Narratives

WHEFA 2/3/2006

LRB Number 05-4491/1	Introduction Number SB-534	Estimate Type Original
Description Creating an individual and corporate income tax exemption for interest on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority for purposes related to the purchase of information technology equipment by health facilities		

Assumptions Used in Arriving at Fiscal Estimate

Assume \$25 million of IT bonds are issued annually. Assume 75% of these bonds are placed with Wisconsin investors. Assume 5% interest rate on bonds issued. Assume average 7% state tax rate on interest earned.

First year impact - $\$25 \text{ million} \times 75\% \times 5\% \times 7\% = \$65,625$ in lost tax revenue.

Long-Range Fiscal Implications

Assume average loan life of just 5 years so steady state occurs in 5th year when \$125 million of bonds are outstanding.

Fifth year impact - $\$125 \text{ million} \times 75\% \times 5\% \times 7\% = \$328,125$ in lost tax revenue.