

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-3753/1	Introduction Number AB-0696
Description creating an income and franchise tax credit for eligible innovation projects and project facilities	
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	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<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	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DOR/ Michael Oakleaf (608) 261-5173	Rebecca Boldt (608) 266-6785
	Date
	1/29/2008

Fiscal Estimate Narratives

DOR 1/29/2008

LRB Number	07-3753/1	Introduction Number	AB-0696	Estimate Type	Original
Description creating an income and franchise tax credit for eligible innovation projects and project facilities					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a nonrefundable credit equal to 75% (100% if the project is a brownfield or located in a blighted area) of the amount paid in the taxable year relating to creating and operating a project facility or to creating and maintaining an eligible innovation project. A project facility is any facility located in Wisconsin that is operated for the purpose of creating and maintaining an eligible innovation project, if the operation of the facility is likely to create new jobs, or preserve existing jobs, as determined by the Department of Commerce. An eligible innovation project is any real property, tangible personal property, or intangible property related to a new product or process that is based on new technology or the creative application of existing technology.

The maximum credit per claimant in any taxable year is \$500,000, and the total amount of all claims in each year may not exceed \$10,000,000. Unused credits may be carried over and offset against tax for up to 15 years.

The Department of Commerce must certify a business as eligible for the credit each year.

Fiscal Estimate

The bill would reduce tax revenues by an estimated \$10 million per year, the maximum amount of credit that may be awarded by Commerce in each year. The annual fiscal effect would be reduced to the extent that Commerce certifies less than the maximum allowable in any year. The fiscal effect will be reduced in any year to the extent that claimants do not have sufficient tax liability to use all of the credit claimed. The fiscal effect in subsequent years could be greater than \$10 million if all credits claimed for the current year plus amounts carried forward from previous years are used.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description creating an income and franchise tax credit for eligible innovation projects and project facilities			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
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	\$		\$-10,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-10,000,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE		\$-10,000,000	\$
Agency/Prepared By		Authorized Signature	Date
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