Fiscal Estimate - 2007 Session

Original Updated	Corrected Supplemental
LRB Number 07-3816/5	Introduction Number AB-0957
Description an income and franchise tax credit for certain no	onprofit community theaters.
Fiscal Effect	
Appropriations Reversible Appropriations Reversible Appropriations Reversible Appropriations	ease Existing enues rease Existing enues to absorb within agency's budget enues Decrease Costs
Permissive Mandatory Pern 2. Decrease Costs 4. Decr	5.Types of Local Government Units Affected Towns Village Citien Counties Others School WTCS Districts Districts
Fund Sources Affected GPR FED PRO PRS	Affected Ch. 20 Appropriations SEG SEGS
Agency/Prepared By	Authorized Signature Date
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Fiscal Estimate Narratives DOR 3/25/2008

LRB Number 07-3816/5	Introduction Number	AB-0957	Estimate Type	Original	
Description an income and franchise tax credit for certain nonprofit community theaters.					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates an income and franchise tax credit for the property taxes paid on property owned by a nonprofit entity and operated as a community theater, if the property satisfies all of the following conditions:

- 1. It is used for the purposes for which the nonprofit entity is granted a federal income tax exemption.
- 2. It is located on land donated by a local business owner.
- 3. It is located on land that is within 20 miles of the Mississippi River.
- 4. It is located on a parcel of land that is at least one-fourth of an acre, but no larger than two acres.
- 5. It includes one or more theaters for the performing arts and the seating capacity of the theater or theaters is not less than 450 persons.
- 6. It includes facilities that are used for arts education.

Fiscal Effect

Entities that are exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code are generally also exempt from Wisconsin income and franchise taxes. A non-profit entity may be liable for taxes on income generated by activities which are unrelated to those for which it is granted an exemption, although such liability is generally not large. In tax year 2005 the tax on unrelated business income for all non-profits that filed a Form 4T averaged less than \$2000. Therefore it is likely that any entity that is eligible for this credit would have minimal liability against which to claim the credit. It is therefore anticipated that the fiscal effect from the bill would be minimal.

Long-Range Fiscal Implications