

Fiscal Estimate Narratives

DOR 3/3/2009

LRB Number	09-1584/2	Introduction Number	AB-0091	Estimate Type	Original
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a non-refundable income and franchise tax credit for employers who provide a workplace wellness programs for their employees. A workplace wellness program is a health or fitness program, as defined by administrative rule by the Department of Commerce, where employees are provided with health risk assessments. The services included in a workplace wellness program include smoking cessation, weight management, stress management, worker injury prevention programs, nutrition education, or health or fitness incentive programs. For workplace wellness programs that the claimant first provides after December 31, 2009, the credit would be equal to 30 percent of the amount that an employer pays in the taxable year to provide a workplace wellness program to any of the employer's employees who are employed in this state, not including any amount paid to acquire, construct, rehabilitate, remodel, or repair real property. For workplace wellness programs that the claimant provided prior to January 1, 2010, the credit would be equal to 30 percent of the increase in the claimant's expenditures related to expanding the workplace wellness program, not including any amount paid to acquire, construct, rehabilitate, remodel, or repair real property. The credit may be claimed for three years.

Under the bill the maximum amount of credit that may be claimed by all claimants is \$5 million per taxable year, with \$2.5 million per year being allocated to businesses with 50 or fewer employees and \$2.5 million per year being allocated to businesses with more than 50 employees. The business could claim the credit for three years.

The credit would be available for tax years starting on or after January 1, 2010. Unused credit amounts would be allowed to be carried forward for 15 years.

The estimated fiscal effect of the bill is a reduction in revenue of \$5 million per year, the maximum annual amount of credit allowed. The fiscal effect in a taxable year would be reduced to the extent that taxpayers do not have sufficient tax liability to use all of the credit amounts claimed. In subsequent years, the fiscal effect could be greater than \$5 million if all of the credit claimed in the current year as well as credit amounts carried forward from previous years are used.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-1584/2		Introduction Number AB-0091	
Description An income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority			
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		\$	\$-5,000,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-5,000,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-5,000,000	\$
Agency/Prepared By		Authorized Signature	
		Date	

DOR/ Michael Oakleaf (608) 261-5173

Rebecca Boldt (608) 266-6785

3/3/2009