

Fiscal Estimate Narratives

DOR 3/2/2009

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|---|-----------------------------------|-------------------------------|
| LRB Number 09-1831/1 | Introduction Number SB-026 | Estimate Type Original |
| Description Allowing dairy cooperatives to claim the dairy manufacturing facility investment credit and making an appropriation | | |

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a person may claim a credit against the person's income or franchise tax liability that is equal to 10% of the amount that the person paid in the taxable year for dairy manufacturing modernization or expansion related to the claimant's dairy manufacturing operation. If the amount of the credit exceeds the amount of the person's tax liability, the person receives a refund. Under current law, dairy cooperatives are, generally, not subject to state income or franchise taxes and, therefore, are not eligible to claim the credit for dairy manufacturing modernization or expansion.

This bill allows the members of a dairy cooperative to claim the credit for the dairy manufacturing modernization or expansion expenses paid by the cooperative beginning in tax year 2009 through tax year 2016. The dairy cooperative determines the amount of the credit that each member may claim, based on the amount of milk each member delivers to the cooperative. Under the bill, the maximum amount of the credits that may be allocated to all dairy cooperatives in FY 2010 is \$600,000, and the maximum amount of the credits that may be allocated to all dairy cooperatives in FY 2011, and in each fiscal year through FY 2017, is \$700,000. The maximum amount that can be claimed in aggregate for each dairy cooperative's facility for all tax years is \$200,000.

Fiscal Effect

The fiscal effect of the bill is estimated to be \$600,000 in FY 2010 and \$700,000 in fiscal years 2011 through 2017, the maximum annual allocation amounts in the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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| Description Allowing dairy cooperatives to claim the dairy manufacturing facility investment credit and making an appropriation | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): FY 2010 cost is \$600,000 | | | |
| 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 | 700,000 | | |
| TOTAL State Costs by Category | \$700,000 | | \$ |
| B. State Costs by Source of Funds | | | |
| GPR | 700,000 | | |
| 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 | \$700,000 | | \$ |
| NET CHANGE IN REVENUE | \$ | | \$ |
| Agency/Prepared By | | Authorized Signature | Date |
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