



**Fiscal Estimate Narratives**  
**DOR 2/18/2011**

LRB Number	<b>11-1004/1</b>	Introduction Number	<b>AB-0015</b>	Estimate Type	<b>Original</b>
<b>Description</b> An income and franchise tax credit for businesses that purchase goods and services from Wisconsin vendors and making an appropriation					

**Assumptions Used in Arriving at Fiscal Estimate**

Under the bill, a taxpayer may claim a refundable credit equal to 1% of the amount that the claimant paid in the taxable year to purchase tangible personal property, goods, or services from a vendor located in this state. Credit may not be claimed under this credit and the Enterprise Zones Jobs Tax Credit for the same expenditures.

**Fiscal Estimate**

The bill can be interpreted to provide a credit of 1% for all purchases of goods and services from a Wisconsin vendor. According to the US Census Bureau, total sales in Wisconsin in 2007 were \$463.6 billion. Inflating the 2007 figure using IHS Global Insight's forecast for the increase in personal consumption expenditures, and assuming that 50% of sales made by businesses in Wisconsin would be claimed for the credit, the bill would result in credit claims and resulting increase in appropriations in the following amounts:

FY 2011: \$684 million  
FY 2012: \$2.7 billion  
FY 2013: \$3.1 billion  
FY 2014: \$3.7 billion

Alternatively, the bill could be interpreted to provide a credit for tangible goods that are subject to sales plus services. Based on data from sales tax returns, total taxable sales were \$74.5 billion in FY 2009. In addition, based on US Census data on sales by Wisconsin businesses with a NAICs code indicating they are providers of services, it is assumed that there were \$74.2 billion in sales of non-taxable services in the same period.

Inflating the data using IHS Global Insight's forecast for the increase in personal consumption expenditures, and assuming 50% of sales would be claimed for the credit, the bill would result in credit claims and resulting increase in appropriations in the following amounts:

FY 2011: \$201.4 million  
FY 2012: \$813.7 million  
FY 2013: \$846.0 million  
FY 2014: \$877.9 million

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> An income and franchise tax credit for businesses that purchase goods and services from Wisconsin vendors and making an appropriation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$See Text		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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