

Fiscal Estimate Narratives

COMM 1/26/2011

LRB Number	11-1055/1	Introduction Number	AB-0003	Estimate Type	Original
Description Tax incentives for job creation, providing an exemption from emergency rule procedures, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates the Jobs Creation Tax Credit, which allows certified employers to retain withholding taxes generated by new employees hired during the first year of certification under the program. Certification remains in effect for 5 years, unless extended by the Department of Commerce.

Commerce's responsibilities under the bill are as follows:

1. Certify businesses to claim tax benefits and allocate to each business the amount of tax credits it may claim. Eligible businesses are those that increase their net employment by at least 15 employees. In 2006-07, according to the Department of Workforce Development, 1550 Wisconsin employers added at least 15 jobs. All would be eligible for the credit. The department shall notify the Department of Revenue of all persons that it certifies and of the amount of tax credits it allocates to each person.
2. Verify claims for tax credits. To do this, the department must certify as eligible expenditures of each certified business. Commerce will need to examine a base payroll before the beginning of the taxable year, an annual payroll for the fiscal year, verify hours worked, and pay level for all additional employees. Eligible expenditures include withholding taxes that would have been paid during the taxable year.
3. Consider and grant a five-year extension in cases in which the department determines the business has a demonstrated need.
4. Write administrative rules governing certification criteria, minimum wages required, and revocation criteria.

The department will require two positions to administer and write rules for this program. The costs of these positions will be as follows.

Salary -- \$89,800
Fringe -- \$40,900
Supplies -- \$12,000

TOTAL -- \$142,700

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Tax incentives for job creation, providing an exemption from emergency rule procedures, and granting 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	\$130,700	\$
	(FTE Position Changes)	(2.0 FTE)	
	State Operations - Other Costs	12,000	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$142,700	\$
B. State Costs by Source of Funds			
	GPR	142,700	
	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			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$142,700	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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