

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-0009/2	Introduction Number AB-0358
Description Creating a nonrefundable individual and corporate income and franchise tax credit for purchasing and installing a thermal biomass heating system	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Agency/Prepared By DOR/ Michael Oakleaf (608) 261-5173	Authorized Signature John Koskinen (608) 267-8973
Date 11/11/2011	

Fiscal Estimate Narratives

DOR 11/11/2011

LRB Number	11-0009/2	Introduction Number	AB-0358	Estimate Type	Original
Description Creating a nonrefundable individual and corporate income and franchise tax credit for purchasing and installing a thermal biomass heating system					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a nonrefundable income and franchise tax credit equal to a certain percentage of the amount the claimant paid for the purchase and installation of a thermal biomass heating system in the claimant's primary residence or place of business in Wisconsin. Unused credit may be carried forward and credited against tax due for the following three taxable years. Only full-year Wisconsin residents may claim the credit. The credit applies for taxable years beginning after December 31, 2010, and before January 1, 2017.

The maximum amount of credit that may be claimed by all claimants for stoves, furnaces and boilers with outputs less than 200,000 BTUs is limited to \$2.5 million in tax year 2011, \$3.5 million in tax year 2012, \$3.0 million in tax years 2013 and 2014, and \$2.5 million in tax years 2015 and 2016. The maximum amount of credit that may be claimed by all claimants for stoves, furnaces and boilers with outputs greater than 200,000 BTUs is limited to \$1.5 million in tax year 2011, \$2.5 million in tax year 2012, \$2.0 million in tax years 2013 and 2014, and \$1.5 million in tax years 2015 and 2016. The department may prorate the amount of the credits so that the limitations are not exceeded.

Fiscal Estimate

It is assumed that the sales of eligible stoves and furnaces of less than 200,000 BTUs in Wisconsin will be at a level such that the maximum annual amount of credit claims will be reached each year. It is further assumed that credit claims for stoves, furnaces, and boilers of greater than 200,000 BTUs will result in annual credit claims of approximately \$100,000 annually. Based on this, the credit under the bill would result in estimated reductions in revenue of the following amounts:

FY 2012: \$3.5 million
FY 2013: \$3.5 Million
FY 2014: \$3.1 million
FY 2015: \$3.0 million
FY 2016: \$2.6 million
FY 2017: \$1.9 million

In addition, the Department would need to hire a 1.0 FTE Revenue Auditor 3 to review claims and allocate the credit among claimants at an annual cost of \$75,500 for salary, fringe benefits, and supplies and services.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description Creating a nonrefundable individual and corporate income and franchise tax credit for purchasing and installing a thermal biomass heating system			
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	\$73,300		\$
(FTE Position Changes)			
State Operations - Other Costs	2,200		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$75,500		\$
B. State Costs by Source of Funds			
GPR	75,500		
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	\$75,500		\$
NET CHANGE IN REVENUE	\$See Text		\$
Agency/Prepared By			
DOR/ Michael Oakleaf (608) 261-5173		Authorized Signature	
		John Koskinen (608) 267-8973	
		Date	
		11/11/2011	