Fiscal Estimate - 2011 Session

☒ Original   ☐ Updated   ☐ Corrected   ☐ Supplemental

LRB Number **11-1746/1**	Introduction Number **AB-0360**

Description
An income and franchise tax credit for lumber manufacturing facility investments and making an appropriation

Fiscal Effect

State:
☐ No State Fiscal Effect
☐ Indeterminate

☐ Increase Existing Appropriations
☐ Decrease Existing Appropriations
☒ Create New Appropriations

☐ Increase Existing Revenues
☐ Decrease Existing Revenues

☒ Increase Costs - May be possible to absorb within agency's budget
    ☒ Yes   ☐ No
☐ Decrease Costs

Local:
☐ No Local Government Costs
☐ Indeterminate

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory

3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected
☐ Towns ☐ Village ☐ Cities
☐ Counties ☐ Others
☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations
20.835(2)(ba)

Agency/Prepared By	Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173	John Koskinen (608) 267-8973	11/10/2011

LRB Number 11-1746/1	Introduction Number **AB-0360**	Estimate Type **Original**
Description An income and franchise tax credit for lumber manufacturing facility investments and making an appropriation		

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a refundable income and franchise tax credit in an amount equal to 10% of the amount that a taxpayer pays in a taxable year for lumber manufacturing modernization and expansion. The credit is available for investments made in taxable years beginning after December 31, 2010 and before January 1, 2017. The Department of Commerce must certify claimants for the credit. The maximum amount of credits that Commerce may certify in FY 2010 is $700,000, and the maximum amount of credits that Commerce may certify in fiscal years 2011 and after is $800,000 per year.

Fiscal Estimate

Based on data from the U.S. Census Bureau's Survey of Manufacturers, annual capital investment in the lumber manufacturing industry in Wisconsin was approximately $479.8 million in 2009. Based on this, it is assumed that annual applications for the credit under the bill will exceed the maximum allowed. Assuming that 25% of returns claiming the credit are filed in the fiscal year in which the credit is allocated and 75% of returns claiming the credit are filed in the fiscal year following the year in which the credit is allocated, the fiscal effect would be an increase in expenditures of the following amounts:

FY 2012: $175,000
FY 2013: $725,000
FY 2014: $800,000
FY 2015: $800,000
FY 2016: $800,000
FY 2017: $600,000

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 11-1746/1	Introduction Number AB-0360

Description
An income and franchise tax credit for lumber manufacturing facility investments and making an appropriation

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, ets.)

	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	$See Text	$
NET CHANGE IN REVENUE	$	$

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