

Fiscal Estimate Narratives

OCI 2/3/2012

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|---|-----------|---------------------|---------|---------------|----------|
| LRB Number | 11-3161/2 | Introduction Number | AB-0376 | Estimate Type | Original |
| Description Authorizing the sale or transfer of tax credits in counties experiencing high rates of unemployment | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

AB-376 permits companies, including insurance companies, to sell or transfer tax credits awarded by the current Wisconsin Economic Development Corporation or the former Department of Commerce to other companies that meet certain conditions. The amount of tax credits that may be transferred or sold is limited to 85% of awarded credit. The maximum amount of credits that may be transferred over a five-year period is \$10,000,000. If that amount is reached it may be extended for an additional five years and another \$10,000,000.

The fiscal effect of this bill is indeterminate. Currently, there are only two companies under OCI's regulatory authority that have taken qualifying credits in 2011. This amounted to a total of \$1,300,000. Transferrable credits would amount to \$1,105,000. If these credits were transferred to another entity that took these against Chapter 71 income and franchise taxes, Chapter 76 premium tax collections would increase by the amount of credits transferred. If the credits were transferred to another insurance company that was taxed under Chapter 76, the effect would net out to zero.

Long-Range Fiscal Implications