

Fiscal Estimate Narratives

DOR 2/6/2012

LRB Number	11-3196/1	Introduction Number	AB-0489	Estimate Type	Updated
Description Financial assistance for the livestock premises registration program, a tax credit for livestock identification tags and tag-reading equipment, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates a non-refundable income and franchise tax credit equal to 25% of the amount that a taxpayer paid in the taxable year for radio frequency identification tags for the taxpayer's livestock located in this state and 25% of the amount that a taxpayer paid in the taxable year for equipment used in this state to read radio frequency identification tags on livestock. Unused credit amounts may be carried forward for 15 years.

Fiscal Estimate

Fiscal Estimate

Based on information provided by the Wisconsin Livestock Identification Consortium (WLIC), it is assumed that approximately 300,000 eligible tags would be purchased in the first year of the program, with the number rising to approximately 455,000 annually by 2016, and that the tags would be purchased at an average cost of \$2.50 per tag.

Based on new information from WLIC, it is assumed that approximately 250 tag readers will be purchased by livestock operations newly adopting RFID technology in 2012. In addition, assuming a useful life of four years for a tag reader, it is estimated that 125 readers will be purchased to replace existing tag readers in 2012. Further, it is estimated that the total number of tag readers sold will increase from 375 in 2012 (250 + 125) to approximately 550 in 2016, and that the readers would be purchased at an average cost of \$1,000 each.

Based on the above, it is estimated that the bill would result in a reduction in revenue of an estimated \$240,000 in FY 2013, \$320,000 in FY 2014, \$350,000 in FY 2015, and \$400,000 in FY 2016.

The fiscal effect would be reduced to the extent that other tax credits, including the Dairy and Livestock Farm Investment Credit, the Beginning Farmer and Farm Asset Credit, and the Qualified Production Activities Income Credit, reduce the tax liability of claimants of the credit created in the bill.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Financial assistance for the livestock premises registration program, a tax credit for livestock identification tags and tag-reading equipment, 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, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-400,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-400,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-400,000	\$
Agency/Prepared By		Authorized Signature	
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		Date	
		2/6/2012	