

Fiscal Estimate - 2013 Session

Original Updated Corrected Supplemental

LRB Number 13-1142/3		Introduction Number AB-0078	
Description Income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority			
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 type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others 0	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" 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		Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173		John Koskinen (608) 267-8973	4/1/2013

Fiscal Estimate Narratives

DOR 4/1/2013

LRB Number	13-1142/3	Introduction Number	AB-0078	Estimate Type	Original
Description Income and franchise tax credit for workplace wellness programs, granting rule-making authority, and requiring the exercise of rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a non-refundable income and franchise tax credit for small businesses that provide a workplace wellness program for their employees in this state. "Small business" is defined as a business that has 50 or fewer employees. The credit would be equal to 30 percent of the amount that an employer pays in the taxable year to provide a workplace wellness program to any of the employer's employees who are employed in this state, not including any amount paid to acquire, construct, rehabilitate, remodel, or repair real property. The credit may be claimed for three years. Under the bill the Department of Health Services would certify programs as eligible for the credit, and the Department of Revenue would determine the amount of credits to allocate to the businesses providing workplace wellness programs. The maximum amount of credit that may be claimed in a fiscal year is \$3 million.

A workplace wellness program is a health or fitness program, as defined by administrative rule by the Department of Revenue and the Department of Health Services, where employees are provided with health risk assessments. The services included in a workplace wellness program include chronic disease prevention, weight management, stress management, worker injury prevention programs, health screenings, nutrition education, health or fitness incentive programs, vaccinations, or employee physical examinations.

Workplace wellness programs in existence before the effective date of the bill would not be eligible for the credit. Unused credit amounts may be carried forward for five years.

Fiscal Estimate

The fiscal effect of the credit under the bill is entirely dependent on the number of workplace wellness programs that are certified and the costs for the businesses to provide those certified programs. Based on data from a December, 2012 RAND Corporation study of workplace wellness programs in the US, a typical workplace wellness program costs between \$50 and \$150 annually per eligible employee. If we assume that the average cost is \$100 per employee annually, a business with 50 employees could expect to spend \$5,000 per year on a typical workplace wellness program. The bill would provide a credit for 30 percent of the cost, therefore the employer in the previous example would potentially qualify for a credit of \$1,500 (\$5,000 x 30%). If 100 such employers are certified for the credit, it would result in credit claims of \$150,000. If 500 such employers are certified it would result in credit claims of \$750,000. To reach the maximum annual credit amount of \$3 million, 2,000 similar firms would need to be certified for the credit.

The Department would be able to administer the credit, including allocation of the credit, using existing resources.

Long-Range Fiscal Implications