

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-3943/1	Introduction Number AB-0832				
Description Income and franchise tax credit for providing full-time employment to part-time employees					
Fiscal Effect					
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 35%;"> <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 </div> </div>					
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 30%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 30%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 35%;"> 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 <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>					
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Fund Sources Affected</td> <td style="width: 50%;">Affected Ch. 20 Appropriations</td> </tr> <tr> <td> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </td> <td></td> </tr> </table>		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	
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Agency/Prepared By DOR/ Michael Oakleaf (608) 261-5173	Authorized Signature Michael Wagner (608) 266-6785				
Date 3/7/2014					

Fiscal Estimate Narratives

DOR 3/7/2014

LRB Number	13-3943/1	Introduction Number	AB-0832	Estimate Type	Original
Description Income and franchise tax credit for providing full-time employment to part-time employees					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, an employer may claim an income and franchise tax credit in an amount equal to \$5,000 multiplied by the number of the employer's employees who convert from part-time to full-time status, provided all of the following conditions are satisfied:

1. In the taxable year prior to the taxable year for which the employer claims a credit, the employee worked at least 800 hours, but no more than 1,200 hours, at the employer's business in this state.
2. During the taxable year for which the employer claims a credit, the employee worked at least 2,000 hours at the employer's business in this state.
3. During the taxable year for which the employer claims a credit, the the employer paid the employee a wage of not less than \$10 an hour.
4. The employer's business is located in a county where the average rate of total unemployment is 6 percent or greater.
5. The employer's business employs no more than ten employees during the taxable year.

A taxpayer may claim the credit for one taxable year only. If the amount of the credit exceeds the taxpayer's tax liability, the taxpayer may carry forward the unused amount of the credit to the next five taxable years, except that the taxpayer may not claim the unused balance for a taxable year in which the number of the taxpayer's full-time employees is less than number of such employees employed by the taxpayer for the taxable year for which the taxpayer originally claimed the credit.

Fiscal Estimate

Data does not exist to estimate this credit. The number of part-time workers at firms with 10 or fewer employees in counties with an average rate of total unemployment is 6% or greater who could potentially convert to full-time status is unknown. Data from the US Bureau of Labor Statistics (BLS) showed that as of March 1, 2013, all Wisconsin counties except Pierce, La Crosse, and Dane had unemployment levels of 6% or higher.

To provide context, according to BLS in 2013 there were approximately 300,000 employees in Wisconsin working for businesses that had nine or fewer employees. While it is unknown how many of these employees work part-time, if it is assumed that 1% of these employees satisfy all of the conditions for the credit the result could potentially be claims for the credit of \$15.0 million (300,000 employees x 1% qualifying x \$5,000 credit). Actual credit claims could be higher or lower if more or fewer employees are eligible for the credit in a year.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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Description Income and franchise tax credit for providing full-time employment to part-time employees			
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			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See Text	\$
Agency/Prepared By			
DOR/ Michael Oakleaf (608) 261-5173		Authorized Signature	Date
		Michael Wagner (608) 266-6785	3/7/2014