



## Fiscal Estimate Narratives

DOR 3/7/2013

LRB Number	<b>13-0964/1</b>	Introduction Number	<b>SB-043</b>	Estimate Type	<b>Original</b>
<b>Description</b>					
Income and franchise tax credit for investments in a community development financial institution					

### Assumptions Used in Arriving at Fiscal Estimate

Under this bill, the Wisconsin Economic Development Corporation (WEDC) may certify a person who makes a qualified investment in a registered community development financial institution (CDFI). The nonrefundable credit is equal to 10% of the qualified investment if the investment is at least \$10,000 but not more than \$150,000, or 12% if the investment is more than \$150,000, but not more than \$500,000. If a person withdraws the investment from the CDFI before the end of a 5-year investment period and does not reinvest in another CDFI, the person must repay a portion of the credit amount, depending on when withdrawn.

Unused credit may be carried forward and offset against tax for up to 15 years.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their payment of amounts. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

The credit is available for taxable years beginning after December 31, 2012, and before January 1, 2015. However, WEDC may determine whether to certify persons to claim tax credits for taxable years beginning after December 31, 2014, and notify the department of that determination.

The bill limits the amount of credit that may be allocated at \$1 million annually. That credit amount would correspond to \$8.3 million to \$10 million in qualified investments. Assuming WEDC is able to certify the full amount of credit and claimants add the credit amount to taxable income as required, the bill would be expected to reduce revenue by \$930,000 annually in fiscal years 2014 and 2015. If WEDC extends the credit beyond December 31, 2014, the credit will reduce revenue annually thereafter.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>13-0964/1</b>		Introduction Number <b>SB-043</b>	
<b>Description</b>			
Income and franchise tax credit for investments in a community development financial institution			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$-930,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$-930,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-930,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984		John Koskinen (608) 267-8973	3/7/2013