

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4086/1	Introduction Number AB-0896
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Description
 creating an individual and corporate income and franchise tax credit for a small business that pays personal property taxes

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Decrease Existing Appropriations
 Decrease Existing Revenues
 Create New Appropriations

Increase Costs - May be possible to absorb within agency's budget
 Yes No
 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

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	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	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
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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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Fiscal Estimate Narratives

DOR 2/5/2018

LRB Number	17-4086/1	Introduction Number	AB-0896	Estimate Type	Original
Description creating an individual and corporate income and franchise tax credit for a small business that pays personal property taxes					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a nonrefundable individual and corporate income and franchise tax credit for small businesses that is equal to the amount of personal property taxes paid by the small business. A small business is defined as having 50 or fewer permanent employees and no more than \$1 million in gross receipts.

Fiscal Estimate

Under the bill, income and franchise tax collections will decrease by an unknown but potentially significant amount. Data do not exist to identify the amount of personal property tax paid by small businesses as defined under the bill. It is unknown how much of the estimated \$215 million in personal property taxes that are collected annually are paid by small businesses.

The fiscal effect of the credit will result from the interaction between the number of small businesses that pay the personal property tax, the amount of the personal property tax these businesses pay, and the income and franchise tax liability of the businesses against which they can claim the credit. In order to provide context, the total amount of income and franchise tax that is paid by all corporations with property in Wisconsin and gross receipts under \$1 million is an estimated \$8 million annually. However, it is unknown how much of the Wisconsin property amount shown on the income and franchise tax return is subject to the personal property tax. It is also unknown which of these corporations have fewer than 50 permanent employees. Therefore it is unknown how much of the \$8 million in current revenue would be reduced as a result of the bill.

It should also be noted that partnerships, S-corporations, and sole proprietors would also be eligible for the credit, and are not included in the discussion above.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description creating an individual and corporate income and franchise tax credit for a small business that pays personal property taxes		
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	Authorized Signature	Date
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