

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-3967/1	Introduction Number AB-0968
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Description
 limitation on the manufacturing component of the manufacturing and agriculture credit, a onetime increase in aids for special education, and making an appropriation

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues

 Yes No
 Create New Appropriations

 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase 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 0 <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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	20.255(2)(b)

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Oakleaf (608) 261-5173	Date 3/4/2020
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Fiscal Estimate Narratives
DOR 3/4/2020

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Assumptions Used in Arriving at Fiscal Estimate

Current law allows a claimant to compute the manufacturing and agriculture credit as 7.5% of qualified production activities income from manufacturing and agriculture. Effective for tax year 2020, this bill limits to \$300,000 the amount of income from manufacturing that a person may use as the basis for claiming the credit.

The bill also requires the Department of Revenue to estimate the increase in revenue that results from the changes made in this bill and directs the secretary of the Department of Administration to apply that amount to aid to school districts for special education for the fiscal year beginning July 1, 2021.

Based on an analysis of individual and corporate credit claims, DOR expects the bill to increase general purpose revenue by \$327 million in fiscal year 2021 (tax year 2020 and partial estimated payments for tax year 2021) and approximately \$272 million in fiscal year 2022. The annual fiscal impact will grow similarly to the size of the credit thereafter.

The current estimate for the increase in revenue in for tax year 2020 that DOR would provide to DOA is \$260 million.

Costs to administer this bill are minimal and can be absorbed by the Department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description limitation on the manufacturing component of the manufacturing and agriculture credit, a onetime increase in aids for special education, 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	\$	\$
	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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