

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 01-0740/1
INTRODUCTION # AB 183
Admin. Rule #

Subject
Income and Franchise Tax Credit for Businesses to Construct, Equip, Provide or Operate Day Care Centers for Children of Employees

Fiscal Effect

State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation
Local: No Local Government Costs

Increase Costs - May be Possible to Absorb Within Agency's Budget Yes No
 Decrease Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <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 Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input checked="" type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations 20.566 (1)(a)
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Assumptions Used in Arriving at Fiscal Estimate:

The bill would provide a nonrefundable income and franchise tax credit for a business to construct, equip, operate or provide a licensed day care center for the children of its employees during working hours. Each business may claim credits up to \$50,000 in a taxable year, but total credits could not exceed \$1.5 million in a state fiscal year. Unused credit amounts may be carried forward for five years to be used to offset future tax liability.

- The credit could be claimed for 50% of amounts spent by the business to:
- construct or equip a day care center that the business owns and operates,
 - operate its own day care center, and
 - provide day care for children of employees if the business does not own and operate its own facility.

Claimants who jointly construct, equip or operate a center may jointly claim the credit, apportioning the credit amount among them in any manner. Partnerships, limited liability companies and tax-option corporations may claim the credit, rather than computing it and passing it on to partners, members and shareholders.

Claimants would be required to file an annual application with the Department of Revenue on or before March 1. The Department would randomly allocate the credits so as not to exceed \$1.5 million in a fiscal year. The Department would randomly allocate unused credits from a waiting list of claimants not originally awarded credits.

Claimants who have received credits for constructing and equipping a center and then cease operation within five years after construction was completed would be required to add a percentage of the credit

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Pam Walgren, (608) 266-7817	Authorized Signature/Telephone No. Dennis Collier <i>Dennis Collier</i> (608) 266-5773	Date 4/3/01
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received for construction and operation to their tax liability. Claimants would add 100% of the credit amount to their tax liability if the day care center ceases operation within the first year after construction is completed, 80% if the center ceases operation within the second year, 60% if within the third year, 40% if within the fourth year, and 20% if within the fifth year.

Because the credit amounts can be allocated by the claimants in any manner, it is assumed that the full credit amounts would be used each year. Therefore, it is estimated that the credit would decrease tax revenues by \$1.5 million annually.

The bill does not provide funding for costs associated with administering the bill. The Department estimates that one-time costs would be \$54,700, including 0.25 FTE, and ongoing annual costs would be \$64,600, including 1 FTE.

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4/3/01

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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Subject

Income and Franchise Tax Credit for Businesses to Construct, Equip, Provide or Operate Day Care Centers for Children of Employees

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

One time costs of \$54,700, including 0.25 FTE .

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringe (FTE Position Changes)	\$ 64,600 (1 FTE)	\$ - (- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 64,600	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 64,600	\$ -
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	\$	\$ - 1,500,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ - 1,500,000

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 64,600	\$
NET CHANGE IN REVENUES	\$ -1,500,000	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Pam Walgren, (608) 266-7817	Dennis Collier <i>Dennis Collier</i> (608) 266-5773	4/3/01