

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-2688/1	Introduction Number AB-380
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Subject
 Single sales apportionment of corporate income

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 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 <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 20.566 (1)(a)	Affected Ch. 20 Appropriations
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Fiscal Estimate Narratives

DOR 5/24/01

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Subject Single sales apportionment of corporate income		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, most industries apportion income using a three-factor formula—the ratio of a corporation's in-state property, payroll and sales to its property, payroll and sales everywhere—to determine the portion of a multistate corporation's taxable income attributable to the state. The sales factor is double-weighted in the apportionment formula. Special apportionment formulas are required for certain industries.

This bill would change the apportionment formula for corporations to one based solely on the sales factor, phasing it in over a three-year period. The sales factor would be weighted at 60% in the first year, 80% in the second year and 100% in the third year. The premiums factor for insurance companies would include assumed premiums written for reinsurance. Apportionment formulas for pipeline companies, air carriers, motor carriers, railroads, sleeping car companies, car line companies and professional sports clubs would remain unchanged.

The fiscal effect of phasing in the single sales factor formula in each fiscal year is as follows:

FY03: -\$8.0 million
FY04: -\$32.5 million
FY05: -\$63.5 million
FY06: -\$80.0 million

The Department estimates that one-time computer programming costs to administer the bill would be \$19,700. The bill does not provide funding for these costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject		
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
\$19,700 for programming in FY03. Revenue impacts during phase-in are: -\$8.0 million in FY03, -\$32.5 million in FY04 and -\$63.5 million in FY05.		
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	\$	\$-80,000,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-80,000,000
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-80,000,000	\$
Agency/Prepared By		
Authorized Signature		
Date		
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