

Fiscal Estimate - 2001 Session

Original Updated Corrected Supplemental

LRB Number 01-2166/1	Introduction Number SB-252												
Subject Single sales factor apportionment													
Fiscal Effect													
State:													
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriations													
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs													
Local:													
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate													
<table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">1. <input type="checkbox"/> Increase Costs</td> <td style="width: 33%;">3. <input type="checkbox"/> Increase Revenue</td> <td style="width: 33%;">5. Types of Local Government Units Affected</td> </tr> <tr> <td> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities</td> </tr> <tr> <td>2. <input type="checkbox"/> Decrease Costs</td> <td>4. <input type="checkbox"/> Decrease Revenue</td> <td><input type="checkbox"/> Counties <input type="checkbox"/> Others</td> </tr> <tr> <td> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</td> <td><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts</td> </tr> </table>		1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities	2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Counties <input type="checkbox"/> Others	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<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													
Affected Ch. 20 Appropriations													
Agency/Prepared By DOR/ Pamela Walgren (608) 266-7817	Authorized Signature Brian Pahnke (608) 266-2700	Date 10/9/01											

Fiscal Estimate Narratives

DOR 10/9/01

LRB Number	01-2166/1	Introduction Number	SB-252	Estimate Type	Original
Subject					
Single sales factor apportionment					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, most industries apportion income using a three-factor formula—the ratio of its 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, effective for tax years beginning on or after January 1, 2002. Apportionment formulas for insurance companies, pipeline companies, air carriers, motor carriers, railroads, sleeping car companies, car line companies and professional sports clubs would remain unchanged.

The estimated fiscal effect of this bill is to reduce tax revenues by \$80 million annually. In addition, the Department estimates the one-time computer programming costs for administering the bill at \$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			
Single sales factor apportionment			
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	19,700		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$19,700		\$
B. State Costs by Source of Funds			
GPR	19,700		
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	\$	\$-80,000,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-80,000,000	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$19,700	\$	
NET CHANGE IN REVENUE	\$-80,000,000	\$	
Agency/Prepared By		Authorized Signature	
DOR/ Pamela Walgren (608) 266-7817		Brian Pahnke (608) 266-2700	
		Date	
		10/9/01	