

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3394/1	Introduction Number AB-704
Subject Expand tax credit carry forward to 20 years	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Yes <input type="checkbox"/> No	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> 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	
Fund Sources Affected	
<input 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	
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Date 12/15/2003	

Fiscal Estimate Narratives

DOR 12/17/2003

LRB Number	03-3394/1	Introduction Number	AB-704	Estimate Type	Original
Subject					
Expand tax credit carry forward to 20 years					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, most income and franchise tax credits for businesses are nonrefundable. If the credit claimed exceeds the claimant's tax liability in the current year, the claimant may carry forward the unused portion of the credit for 15 years to offset tax liability in those years. Nonrefundable business credits include: supplement to the federal historic rehabilitation credit, manufacturers sales tax credit, technology zone credit, agricultural zone credit, development zone credit, development zone capital investment credit, development zone investment credit, research credit, research facilities credit, and community development finance credit.

The draft would extend the carryforward period from 15 years to 20 years for all nonrefundable business credits computed for taxable years beginning on January 1, 1988. As a result, credits that would have expired for taxable years beginning in 2003 would continue to be carried forward for use in offsetting future tax liability for an additional five years.

Data are not available to estimate the fiscal effect of extending the carryforward period for the credits. However, it is believed that the fiscal effect may be small since claimants that cannot use the credit carryforward under the current 15-year period may also not have tax liability to offset in the next 5 years. The Department estimates it would have increased return storage and retrieval costs, but could absorb those costs.

Long-Range Fiscal Implications