

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-3991/2		Introduction Number AB-0894	
Description An income and franchise tax credit for providing health care benefits under a cafeteria plan			
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 checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
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
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.144(1)(g)			
Agency/Prepared By		Authorized Signature	Date
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Fiscal Estimate Narratives

DFI 3/4/2008

LRB Number	07-3991/2	Introduction Number	AB-0894	Estimate Type	Original
Description An income and franchise tax credit for providing health care benefits under a cafeteria plan					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Financial Institutions to provide written information regarding the creation of cafeteria health plans and the tax benefits related to such plans to each entity that submits articles of incorporation to the Department. The legislation applies to taxable years beginning on January 1, 2008.

Approximately half of the 4,000 annual articles of incorporations submitted to the Department are submitted through the on-line filing application. The other half are either mailed, faxed, or brought to the office directly.

The Department will need to develop expertise or obtain outside services to develop and maintain the required written information. It is likely that the agency will need to use a contractor to perform the development and there will be an estimated fee of approximately \$1,000 in the first year associated with this service. There may be a need for on-going updates as well.

For the 2,000 on-line filers, the information will be provided to them via an attachment to their confirmation e-mail that is automatically generated when submissions are received. This will require revisions to the e-mail protocol, but there should not be a substantial cost.

The remaining filers will need to receive their information as part of a mailing. The costs associated with printing and mailing should total approximately \$1,000. Additionally, there will be labor costs involved in stuffing the envelopes.

Because the bill covers the 2008 tax year, costs will be higher in the first year because separate notifications will need to be generated for those corporations who filed prior enactment. Depending on the timing, printing and mailing costs may be an additional \$2,000.

It is likely that the insert included with filings and added to the e-mailed confirmation will generate questions from the new corporations. To respond to the questions, prepare the mailings, update the on-line application language, and support development of the informational materials, it is estimated that approximately 200 hours of staff time will be required to comply with this legislation at a cost of \$5,700 for salaries and fringe benefits.

This bill would have no affect on revenue.

Annual costs:

Printing/Mailing \$1,000
Salaries & Fringe Benefits \$5,700
Total Annual Costs \$6,700

Additional first year costs up to \$3,000
Total first year costs: \$9,700

Long-Range Fiscal Implications