

Fiscal Estimate Narratives
DOR 3/28/2007

LRB Number 07-0080/1	Introduction Number SB-074	Estimate Type Original
Description Creating an income and franchise tax credit for eligible innovation projects and project facilities		

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, a person may claim a nonrefundable income and franchise tax credit that is equal to 75% of the costs that the person paid in the taxable year related to creating and operating a project facility or to creating and maintaining an eligible innovation project. If the project facility or eligible innovation project is a brownfield or located in a blighted area, the credit is equal to 100% of eligible costs. The amount that a claimant may claim in any taxable year may not exceed \$500,000, and the total amount of all claims in each year may not exceed \$10,000,000. Under the bill, a project facility is any facility located in this state that is operated for the purpose of creating and maintaining an eligible innovation project, if the operation of the facility is likely to create new jobs, or preserve existing jobs, in this state, as determined by the Department of Commerce. The bill defines an eligible innovation project as any real property, tangible personal property, or intangible property related to a new product or process that is based on new technology or the creative application of existing technology.

Fiscal Estimate

The bill would reduce tax revenues by an estimated \$10 million per year, the maximum amount of credit that may be awarded by Commerce in each year. The fiscal effect will be reduced in any year to the extent that claimants do not have sufficient tax liability to use all of the credit claimed. The fiscal effect in subsequent years could be greater than \$10 million if all credits claimed for the current year plus amounts carried forward from previous years are used.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Creating an income and franchise tax credit for eligible innovation projects and project facilities			
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			
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, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$-10,000,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-10,000,000	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-10,000,000	\$	
Agency/Prepared By		Authorized Signature	Date
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