

Fiscal Estimate Narratives

DOR 4/22/2010

LRB Number	09-3589/1	Introduction Number	AB-0936	Estimate Type	Original
Description Depreciation and expense deductions for property used in farming					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, the sections of the federal Internal Revenue Code that apply to amortization, depreciation, and expense deductions, and all subsequent changes to those sections, apply for state income and franchise tax purposes to property use in farming.

The bill is effective beginning on January 1, 2009, so certain federal statutes relating to section 179 expensing and special depreciation allowances would be effective retroactively. Additionally, future federal law changes would be adopted automatically.

Based on simulations using 2007 individual income and corporate income and franchise tax returns, it is estimated that the bill will reduce revenue by \$5.6 million in fiscal year 2011 attributable to tax year 2009 and tax year 2010. Since this bill adopts federal law that effectively accelerates (but does not increase) expensing and depreciation allowances, it is expected that the revenue decrease in FY11 will be accompanied by an equal sized revenue increase in subsequent years.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Depreciation and expense deductions for property used in farming			
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	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$SeeText	\$
Agency/Prepared By		Authorized Signature	Date
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