Fiscal Estimate - 2009 Session

| | Original | | Updated | | Corrected | | Supple | mental |
|---|--|-------------------------------------|--------------------------|----------------------------|-------------|------------------------------|---|-------------------------------------|
| LRB | Number | 09-3589/1 | | Introd | uction Numb | er A | B-093 | 6 |
| Descr Depre | | xpense deducti | ons for property | used in farm | ning | | | |
| Fiscal | Effect | | | | | | | |
| | No State Fisco Indeterminate Increase E Appropria Decrease Appropria Create Ne | e Existing tions Existing | Reven Decrea Reven | ase Existing | to abso | | n agency | e possible 's budget \[\] No |
| | No Local Gov Indeterminate 1. Increase Permiss 2. Decrease | e Costs sive Mandato se Costs | 3. Increas | sive Mandase Revenue | datory Tov | ment Un vns [unties [| its Affect Village Others WTCS District | Cities |
| Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS | | | | | | | | |
| Agend | cy/Prepared | Ву | A | uthorized S | ignature | | | Date |
| DOR/ Bradley Caruth (608) 261-8984 Reb | | | ebecca Bold | becca Boldt (608) 266-6785 | | | | |

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 Dpdated | Corrected | Supplemental | | | | | | | | |
|---|-----------------------------|---|--|--|--|--|--|--|--|--|
| LRB Number 09-3589/1 | Introduction Num | ber AB-0936 | | | | | | | | |
| 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 Fisc | 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, ets.) | | | | | | | | | | |
| | 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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