



**Fiscal Estimate Narratives**  
**DOR 2/24/2010**

LRB Number	<b>09-4258/1</b>	Introduction Number	<b>AB-0756</b>	Estimate Type	<b>Original</b>
<b>Description</b> Dairy and livestock investment tax credits					

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, a taxpayer may claim an income and franchise tax credit for amounts paid for dairy farm modernization and expansion for taxable years beginning after December 31, 2003, and before January 1, 2010. Under this bill, a taxpayer may claim the dairy farm modernization and expansion credit for taxable years beginning after December 31, 2003, and before January 1, 2012, an extension of two years.

Under current law, a taxpayer may claim a maximum of \$50,000 in credit for dairy and livestock farm modernization in aggregate all years. Under the bill, the maximum is increased to \$75,000.

**Fiscal Estimate**

In tax year 2007, there was a total of \$61.5 million in dairy and livestock farm investment credit claims available, including new credit claims (\$19.3 million) and amounts carried forward from previous years (\$42.2 million). Of this amount, \$18.9 million was used to offset 2008 taxes, with the remainder (\$42.5 million) being carried forward to offset taxes in future years.

The fiscal effect is estimated to be a loss of revenue of \$200,000 in fiscal year 2011 and \$400,000 in fiscal year 2012. The estimate is based on an analysis of the returns of claimants who claimed the dairy and livestock farm modernization credit for tax years 2004 through 2008. It is estimated that the bill would result in \$25.6 million in additional credits claimed in tax year 2010 and \$25.6 million in additional credits claimed in tax year 2011. However, because of the large carryforwards relative to new credit amounts that have occurred for this credit, it is estimated that much of these additional new claims will allocate the revenue reductions over ten years.

**Long-Range Fiscal Implications**

The majority of the fiscal effect will be felt in fiscal years 2016 through 2022. The fiscal effect would increase from \$400,000 in FY 2015 to \$3.4 million in FY 2016, and to \$12 million in FY 2017. By FY 2020, the fiscal effect would decrease to \$6.7 million in FY 2002 and to \$750,000 in FY 2022, with no fiscal effect thereafter.

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>09-4258/1</b>		Introduction Number <b>AB-0756</b>	
<b>Description</b> Dairy and livestock investment tax credits			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$See Text		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
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		<b>Date</b>	
		2/24/2010	