

Fiscal Estimate Narratives

DOR 4/12/2010

LRB Number	09-4262/1	Introduction Number	AB-0773	Estimate Type	Original
Description					
Income and franchise tax credits for insulating concrete forms used to construct a building					

Assumptions Used in Arriving at Fiscal Estimate

This bill provides a nonrefundable credit equal to the amount that the taxpayer paid during the taxable year to purchase insulating concrete forms for use in Wisconsin to construct the insulated exterior and interior walls of any building. Unused credit may be carried over and used for up to 15 years.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their payment of amounts. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

Fiscal Estimate

Based on information from the Insulating Concrete Forms Association, sales of insulating concrete forms in Wisconsin in 2007 equaled approximately \$6 million. Additionally, based on information from ICF Builder Magazine (a trade publication for the insulating concrete forms industry), national sales of insulating concrete forms in 2010 and 2011 are expected to be approximately 78% of sales in 2007. Assuming that Wisconsin sales of insulating concrete forms in 2010 are also 78% of 2007 Wisconsin sales, the bill would result in credit claims of an estimated \$4.7 million for tax year 2010 and 2011 (\$6 million x 78%). The department estimates that approximately 75% of tax credits claimed in a year by corporations (which are assumed to be the primary claimant under this provision) are used to offset tax liability in that year. The resulting revenue decreases are estimated to be \$810,000 in FY 2010, \$3.2 million in FY 2011, and \$3.2 million in FY 2012. The fiscal effect would be greater to the extent that it provides an incentive to use insulating concrete form construction rather than other methods. The fiscal effect would be reduced to the extent that the overall downturn in the real estate market depresses demand for new construction.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Income and franchise tax credits for insulating concrete forms used to construct a building			
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	\$		\$-3,200,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$-3,200,000
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$-3,200,000		\$
Agency/Prepared By		Authorized Signature	Date
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