

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-4122/1	Introduction Number AB-0902	
Description Low-profit limited liability companies		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected	Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By	Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173	Rebecca Boldt (608) 266-6785	4/8/2010

Fiscal Estimate Narratives
DOR 4/8/2010

LRB Number	09-4122/1	Introduction Number	AB-0902	Estimate Type	Original
Description Low-profit limited liability companies					

Assumptions Used in Arriving at Fiscal Estimate

This bill authorizes the creation of low-profit LLCs or L3Cs. The L3C is a hybrid entity, combining features of a limited liability company with requirements traditionally applicable to organizations seeking recognition of exemption from federal income tax, such as under section 501 of the Internal Revenue Code. The L3C would not be exempt from Wisconsin income and franchise taxes.

An L3C must be organized for a business purpose that satisfies, and is at all times operated to satisfy, all of the following requirements: (1) Significantly further the accomplishment of a religious, charitable, scientific, literary, or education purpose as defined under federal tax law, and would not have been formed but for the entity's relationship to the accomplishment of the religious, charitable, scientific, literary, or education purpose; (2) The production of income or the appreciation of property must not be a significant purpose of the L3C; and (3) Accomplishment of a significant political or legislative purpose, as defined under federal tax law, is not the purpose of the L3C.

If an L3C at any time ceases to satisfy these requirements, it ceases to be a L3C, but continues to exist as a LLC. The bill authorizes the Department of Financial Institutions to bring administrative dissolution proceedings against a L3C if the company has ceased to meet any of the above requirements.

Fiscal Estimate

It is unknown how many L3Cs would form in Wisconsin or how much taxable income they would generate. However, while the primary motive of the L3Cs would not be to make a profit, the L3Cs would pay taxes on any taxable net income they generate. It is therefore anticipated that the bill would result in a revenue increase of an unknown amount. The revenue increase is not expected to be significant.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 09-4122/1	Introduction Number AB-0902	
Description Low-profit limited liability companies		
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	\$See Text	\$
Agency/Prepared By		
Authorized Signature		Date
DOR/ Michael Oakleaf (608) 261-5173		4/8/2010
Rebecca Boldt (608) 266-6785		