

### Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-4501/1</b>	<b>Introduction Number</b> <b>SB-621</b>	
<b>Description</b> tax benefits for hiring new employees and granting rule-making authority.		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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		
<b>Fund Sources Affected</b>		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (1) (a)		
<b>Affected Ch. 20 Appropriations</b>		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
COMM/ Julie Keal (608) 266-6748	Louie Cornelius (608) 266-8629	3/23/2010

## Fiscal Estimate Narratives

COMM 3/23/2010

LRB Number	09-4501/1	Introduction Number	SB-621	Estimate Type	Original
<b>Description</b> tax benefits for hiring new employees and granting rule-making authority.					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates the Jobs Creation Tax Benefit Program. Under this program, eligible certified businesses may retain the withholding taxes they would have paid for eligible employees in new full-time jobs. Eligible employees are those hired after February 3, 2010, and before January 1, 2011. An eligible employee must not have been employed for more than 40 hours during the 60 day period ending on the date the employee begins his or her employment with the certified business.

Commerce has the following responsibilities under this program:

1. Certify businesses as eligible for tax benefits and allocate to each business the amount of tax credits it may claim. An eligible business may have no more than 10 employees. According to the US Census Bureau, Statistics of US Businesses: 2006, 85,792 businesses had 9 or fewer employees, and would be eligible for certification if they added eligible employees. The department shall notify the Department of Revenue of all persons that it certifies and of the amount of tax credits it allocates to each person. Commerce may allocate not more than \$2,000,000 to businesses under this program.
2. Revoke certifications and notify the Department of Revenue of all revocations.
3. Verify information submitted by businesses claiming tax benefits.
4. Promulgate rules for the implementation and operation of the program.

Commerce will not be able to accomplish these responsibilities within existing budget authority. Since at least 85,792 businesses could be eligible for the program, Commerce will be dealing with certifying and administering the program for a very large number of small businesses. As an illustration, if each certified business added 3 employees with \$2000 each in withholding, and Commerce allocated the entire \$2 million, that would mean that Commerce would be certifying and verifying information for 333 businesses. This is a limited term program only for employees hired from February 3, 2010 until January 1, 2011, so Commerce will require project positions for its administration. The required rule promulgation, program development, and program administration (certification of businesses, allocation of credits, and verification of credit claims) will require 2.0 FTE 2 year project positions. Two year positions are required, since claims will continue into future taxable years, until the business's allocation is exhausted.

These positions will develop rules and policies for the program, develop and implement performance measures for the program, publicize the program, work with businesses to access the program, review applications, recommend action on applications, negotiate and enter into contracts with successful applicants, verify tax benefit claims and supporting documentation, and work with successful applicants in reporting results. The costs of these positions will be as follows.

Salary \$89,800  
Fringe \$41,000  
Supplies \$ 16,000

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number <b>09-4501/1</b>		Introduction Number <b>SB-621</b>	
<b>Description</b> tax benefits for hiring new employees and granting rule-making authority.			
<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		\$130,800	\$
(FTE Position Changes)		(2.0 FTE)	
State Operations - Other Costs		16,000	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$146,800</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		146,800	
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, ets.)</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		\$146,800	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
COMM/ Julie Keal (608) 266-6748		Louie Cornelius (608) 266-8629	3/23/2010