



## Fiscal Estimate Narratives

DOR 12/12/2011

LRB Number	11-1030/1	Introduction Number	AB-0392	Estimate Type	Original
<b>Description</b> Eliminating deductions for moving expenses for businesses that move out of the state					

### Assumptions Used in Arriving at Fiscal Estimate

Under current federal and state law, a business may deduct from its taxable income the cost of moving its operations from one location to another as an ordinary and customary business expense. Under the bill, a business that moves its operations in whole or in part out of Wisconsin would be required to add back to income the expenses associated with the move.

### Fiscal Estimate

Data do not exist to estimate the fiscal effect of the bill. It is expected that the bill would result in an increase in revenue of an unknown amount. However, the increase in revenue is not anticipated to be large. For example, assume a business spends \$500,000 to move its operations out of state. If the business had an apportionment factor of 12.5% (the average for all corporate returns in 2008), it's would pay additional tax of \$4,937 ( $\$500,000 \times 12.5\% \times 7.9\%$  corporate tax rate) in the tax year in which they move their operations. If 100 similar businesses move out of state in a year, the total revenue increase would be \$493,700.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-1030/1		<b>Introduction Number</b> AB-0392	
<b>Description</b> Eliminating deductions for moving expenses for businesses that move out of the state			
<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>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$See Text	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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