

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-0994/1	Introduction Number SB-014	
Description Adopting federal bonus depreciation tax provisions for state income and franchise tax purposes		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div> <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	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs <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		
<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		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173	Rebecca Boldt (608) 266-6785	2/10/2011

Fiscal Estimate Narratives

DOR 2/10/2011

LRB Number	11-0994/1	Introduction Number	SB-014	Estimate Type	Original
Description Adopting federal bonus depreciation tax provisions for state income and franchise tax purposes					

Assumptions Used in Arriving at Fiscal Estimate

This bill adopts, for state income and franchise tax purposes, recent changes to federal law related to a depreciation allowance for certain property. Under the bill, generally, a taxpayer may take a depreciation deduction equal to 100 percent of the adjusted basis of qualified property for property placed in service after September 8, 2010, and before January 1, 2012.

Fiscal Estimate

Relative to current law, accelerating depreciation has the effect of reducing revenue in the near term as taxpayers claim higher depreciation deductions and then increasing revenue in future years because the assets are fully depreciated sooner than would otherwise be the case.

Based on a statistical sample of tax year 2007 corporate returns and data from the Joint Committee on Taxation of the US Congress, the bill would result in reductions in revenue of an estimated \$132.6 million in FY 2011, \$178.6 million in FY 2012, and \$34.2 million in FY 2013. The bill would result in increases in revenue of an estimated \$64.4 million in FY 2014, \$68.8 million in FY 2015, \$54.7 million in FY 2016, and \$40.3 million in FY 2017.

Administrative costs can be absorbed within existing resources of the Department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description Adopting federal bonus depreciation tax provisions for state income and franchise tax purposes		
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By	Authorized Signature	Date
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