

Fiscal Estimate Narratives

DOR 10/29/2013

LRB Number	13-2912/1	Introduction Number	SB-322	Estimate Type	Corrected
Description Income and franchise tax credits for insulating concrete forms used to construct a building					

Assumptions Used in Arriving at Fiscal Estimate

The bill would create a non-refundable income and franchise tax credit equal to the amount that the taxpayer pays in the taxable year to purchase or to manufacture insulating concrete forms used to construct a building. The credit may not be claimed for any item for which the person has received a rebate under any state program, including a state program operated in conjunction with private entities.

Fiscal Estimate

Credit for Purchase of Insulating Concrete Forms

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 2013 are expected to be approximately 86.5% of the sales in 2007, but are expected to increase 6% per year in future years. Assuming that Wisconsin sales of insulating concrete forms in 2013 are 86.5% of the sales in 2007, and that sales rise at 6% per year in future years, the bill would result in credit claims of an estimated \$5.5 million for tax year 2014, \$5.8 million in tax year 2015, \$6.2 million in tax year 2016, and \$6.6 million in tax year 2017.

Based on a review of claims for other non-refundable credits that have been created in recent years, the Department estimates that approximately 52% of newly-created credits claimed are used to offset taxes. Assuming that 52% of the credit claimed is used to offset taxes, and allocating tax year claims to the state's fiscal year, the bill would result in a reduction in revenue of an estimated \$675,000 in FY 2014, \$3.1 million in FY 2015, \$4.6 million in FY 2016, and \$5.5 million in FY 2017.

The fiscal effect would be greater to the extent that the credit provides an incentive to use insulating concrete form construction rather than other construction methods.

Credit for the Manufacture of Insulating Concrete Forms

Data do not exist to estimate the fiscal effect of the credit for manufacture of insulating concrete forms in this state. The fiscal effect would be reduced to the extent that the tax liability of in-state manufacturers is reduced by other tax provisions in current law, including the manufacturing and agriculture credit enacted in 2011 Act 32.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 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	\$	\$	
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	\$	\$	
Agency/Prepared By			
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		Michael Wagner (608) 266-6785	
			Date
			10/29/2013