

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-3119/1	Introduction Number AB-0413
Description Income and franchise tax credits for insulating concrete forms used to construct a building	
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 checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local:	
<input checked="" 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	
Fund Sources Affected	
<input 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 DOR/ Michael Oakleaf (608) 261-5173	Authorized Signature Michael Wagner (608) 266-6785
Date 10/29/2013	

Fiscal Estimate Narratives

DOR 10/29/2013

LRB Number	13-3119/1	Introduction Number	AB-0413	Estimate Type	Original
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

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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	\$See Text		\$
Agency/Prepared By		Authorized Signature	
DOR/ Michael Oakleaf (608) 261-5173		Michael Wagner (608) 266-6785	
		Date	
		10/29/2013	